



Office of Budget  
Department of the Navy

# Highlights of the Department of the Navy FY 2000 Budget

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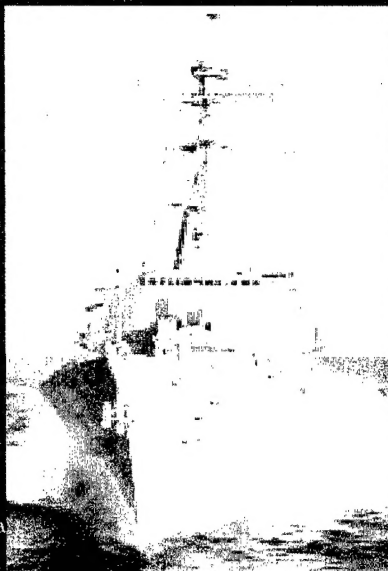


Reserve Personnel  
Reserves Personnel  
TOTAL, Military Personnel

O&M, Navy  
O&M, Marine Corps  
O&M, Navy Reserve  
O&M, Marine Corps Reserve  
Environmental Restoration, Navy  
Kaho'olawe Island  
TOTAL, O&M

Aircraft Procurement, Navy  
Weapons Procurement, Navy  
Shipbuilding & Conversion, Navy  
Other Procurement, Navy  
Procurement, Marine Corps  
Procurement of Ammunition, Navy  
TOTAL, PROCUREMENT

Research, Development, Test and Evaluation  
National Defense Sealift Fund  
Military Construction, Navy  
Military Construction, Naval Reserve  
Family Housing, Navy and Marine Corps  
Base Realignment and Closure  
TOTAL, DON



FY 2000  
17,208  
6,545  
1,446  
409  
25,608  
22,239  
2,559  
918  
123  
284  
15  
26,138  
8,229  
1,357  
6,679  
1,100



February 1999

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# **HIGHLIGHTS OF THE DEPARTMENT OF THE NAVY**

## **FY 2000 BUDGET**

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## SECTION I - INTRODUCTION

This Highlights Book provides a summary of the Department of the Navy (DON) FY 2000 budget to assist members of Congress and their staffs in their review of the President's request. The primary focus for the FY 2000 budget continues to protect the near-term readiness of deployed forces and to more adequately resource military personnel accounts. This strategy reaffirms a commitment to remain forward-engaged and ready when the Nation calls, and a continuing commitment to the Department's most important asset — outstanding people — and their families, their welfare, and their future. In past years, maintaining the readiness of deployed forces has come increasingly at the expense of non-deployed forces and procurement accounts. With the initiative of this Administration to increase Defense funding, that trend has been reversed.

*Near-term readiness* of deployed forces remains a fundamental tenet of the Navy and Marine Corps forward deployed strategy. To protect it, this budget directs significantly more funding than previously planned towards these accounts, to programs like ship maintenance, flying hours, and spares. For Flying Hours, funds were added to incorporate the most recent cost per hour experience reflecting higher cost for spares and repair parts. Additionally, funds were also added in FY 2000 as a onetime initiative to eliminate an existing backlog of aviation spare parts to improve aircraft availability and reduce cannibalization rates. The Department of Defense initiatives have

**Chart 1 - DON Topline FY 1999 - FY 2005**

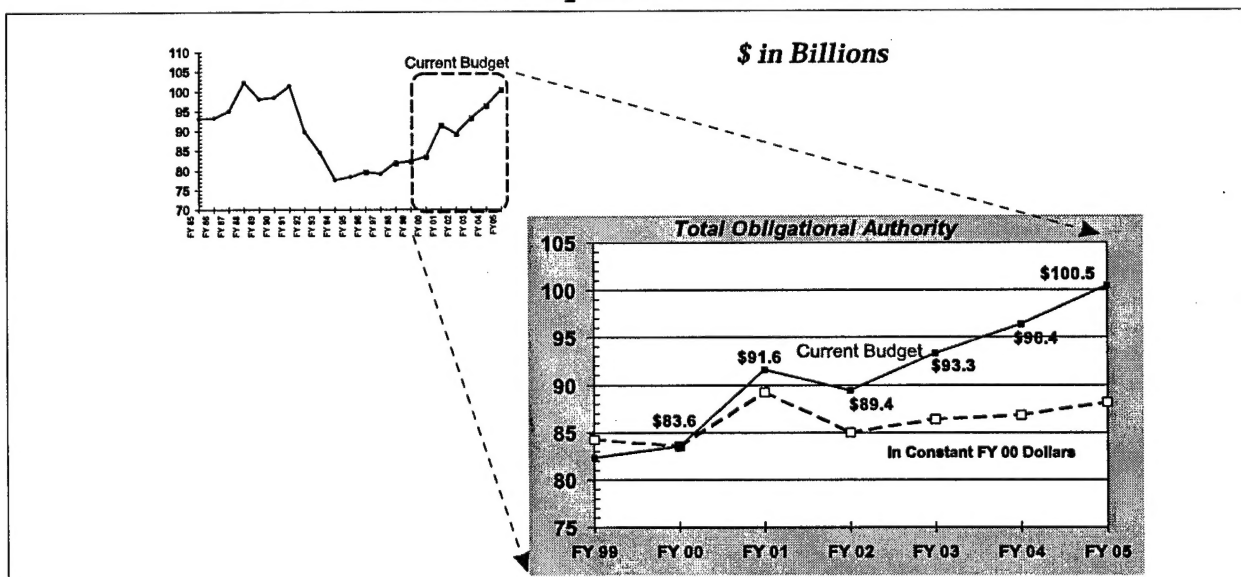


Chart 1 reflects Department of the Navy resources in both current and constant dollars from FY 1999 through FY 2005. The smaller chart provides a historical perspective from FY 1985 through FY 2005.

allowed us to fund ship repair at the goal of 94% of notional manday requirements through FY 2005.

Recent drops in non-deployed readiness, leading to steeper and later recoveries to meet succeeding deployments, are reflective of developing problems in forces that can no longer be overlooked or managed around. These problems have not been the result of intent or policy, but rather of the severe funding constraints that have characterized operating accounts. This has been most evident in aircraft readiness metrics. To avoid unacceptable risks associated with parts shortages,



the Navy is investing more in the aviation spares account, both in FY 1999 and this budget for FY 2000. In the last two budget cycles, aviation depot maintenance funding increased in hopes of improving non-deployed aircraft availability. The budget also sustains increases in FY 2000

for real property maintenance, an area underfunded in recent years. These actions and other funds added to the operation and maintenance accounts will give fleet commanders and the supporting shore establishment the resources needed. Increased resources and attention are also dedicated to the manpower account to improve aircraft maintenance manning in particular, and fleet manning overall.

*Personnel* issues have been addressed as a foremost concern, inseparable from operational readiness. Enlisted retention for Navy 1<sup>st</sup>/2<sup>nd</sup>/3<sup>rd</sup> term, pilot and mid-grade officer retention, as well as Navy recruiting are short of goal in FY 1998. Specifically needed and addressed in this budget are increased enlistment/reenlistment bonuses, increased Voluntary Education, a fully funded Navy recruiter force of 4,500, and fully funded Permanent Change of Station accounts. Even with these additional resources and emphasis on recruiting and retention, of broader consequence is the long-term viability of the all-volunteer force. Reinstatement of an equitable 50% retirement plan, as well as reasonable pay raises and pay reform to address the pay gap, are funded in this budget and must now be approved by the Congress.

*Future Readiness*, funding of critical modernization and recapitalization programs, has suffered in past budgets to maintain the near-term readiness of deployed forces. With the Administration's Defense Initiative, the most essential acquisition programs have been not only protected but made more robust. The shipbuilding rate, which in the past FYDP had resulted in a construction backlog of four

ships, is increased with program additions of three TADC(X) cargo ships, one SSN-774 class submarine, two Joint Command and Control ships, the LHD-8 amphibious platform, and an additional DD-21. New construction in FY 2005 reaches a total of nine, well within reach of the level required to sustain ship battle force requirements over the long-term. Commitment to multiyear procurement in the last budget cycle has lent stability to several essential programs, and highest priority aviation acquisition programs, F/A-18 E/F and V-22, are on a solid ramp to full production. Joint Strike Fighter (JSF) investment remains unchanged in this budget in accordance with its priority in Naval aviation. The Navy added over \$500 million to the LPD-17 consistent with current execution and option estimates on the first three hulls, to incorporate an enhanced communications suite to support Marine amphibious capabilities, and to incorporate enhancements designed to reduce operating costs. Also, improved investment in Mine Warfare Plan, with additional funds across the FYDP, to include potential technological breakthroughs in the ability to locate and classify mines through coordinated employment of advanced sonar and processing capabilities.

The Department provided for an evolutionary carrier transition, with almost \$2 billion more budgeted across the FYDP compared to last year. For CVN-77, a transition ship is planned that makes great strides toward this goal, including an integrated topside island. The completion cost will be comprised of approximately 20 percent new technology investment compared to its baseline CVN-76 *Nimitz* predecessor. For CVN(X), the Navy has funded and will aggressively develop a new propulsion plant, an electromagnetic aircraft launch system, and other improvements that will yield impressive manning

**Chart 2 - Trendlines FY 1999 - FY 2005**

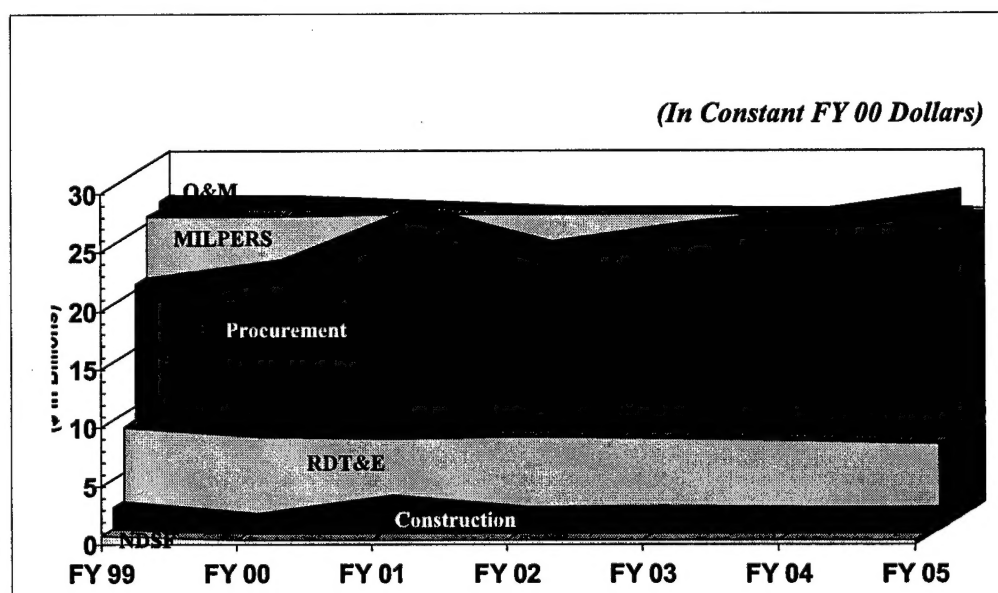


Chart 2 graphically displays Department of the Navy funding guidance by title over the Future Years Defense Program. The trendlines support in recapitalization and modernization programs.

and other life cycle savings. This will in turn pave the way for other future technologies.

The Department remains committed to submitting not only a balanced program across the spectrum of competing requirements, but also to an aggressive Revolution in Business Affairs to provide a strong core focus on the strategies necessary to lead the Department of the Navy into the new millennium. In this budget, the Navy has:

- Instituted a Smart Work program, in which initiatives with high potential to better apply available manning, to reduce weapons system ownership costs and maintenance burdens, to make available the tools, materials, and information people need to do their jobs, are identified, funded, and supported.
- Liquidated competitive sourcing savings target through FY 2001. Future potential for savings is being updated as part of the ongoing inventory of inherently governmental functions.
- Implemented a consolidated Navy base management plan, placing the responsibility for efficient infrastructure support in fewer hands.
- Supported the goal of a paper-free acquisition process. Redirected \$110 million within the budget to this initiative.
- Restructured Naval Ordnance Center operations which had evolved away from the business-like model needed for successful operation within a revolving account.
- Eliminated advance billing in Navy Working Capital Fund operations.

Future rounds of base closure remain essential though, as is the need to address alternate approaches to underutilized real property, including dual-use and outleasing opportunities.

The Highlights Book sections that follow this introduction provide financial summaries and brief program discussions. Government Performance and Results Act information referenced in the Department of the Navy's budget are indicated in Appendix A, and the Highlights Book also includes significant force and manpower factors throughout the text. Appropriation tables are found in Appendix B. This Highlights Book is available electronically on the FY 2000 Department of the Navy Justification of Estimates CD-ROM and on the World Wide Web via the Navy Headquarters Budget System (NHBS) at "<http://navweb.secnav.navy.mil/budget>".

## SECTION II - READINESS

Our battle force ships, aviation units and Marine forces provide the foundation for the DoD goal to shape the international environment and respond to the full spectrum of crises. Our budget provides for operational levels which will maintain the high personnel and unit readiness necessary to conduct the full spectrum of joint military activities. This includes participation in international military exercises designed to foster a spirit of mutual cooperation and enhance multinational security agreements.

The role of the Navy and Marine Corps on the world stage is evident throughout our budget. From contributions to multilateral operations under United Nations/NATO auspices to cooperative agreements with allied Navies, international engagement efforts cross the entire

**Shape the  
international  
environment ...**

spectrum of the Department's missions and activities. Navy requirements are often met through participation with allies and other foreign countries, in joint exercises, port visits, and exchange programs. Joint/

international exercises planned for FY 2000 include: Atlantic Resolve; Blue Advance; UNITAS; Native Fury; and Cobra Gold.

Operational activities include drug interdiction operations, joint maneuvers and multi-national training exercises, humanitarian assistance (including medical, salvage, and search and rescue) and when called upon, contingency operations such as the Arabian Gulf

**Chart 3 - Naval Forces Today**

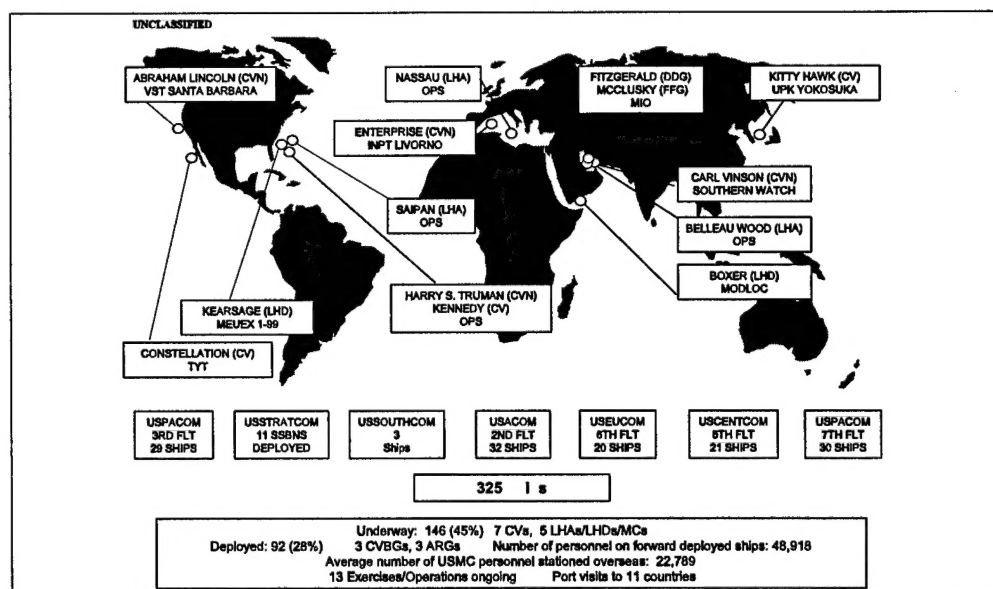


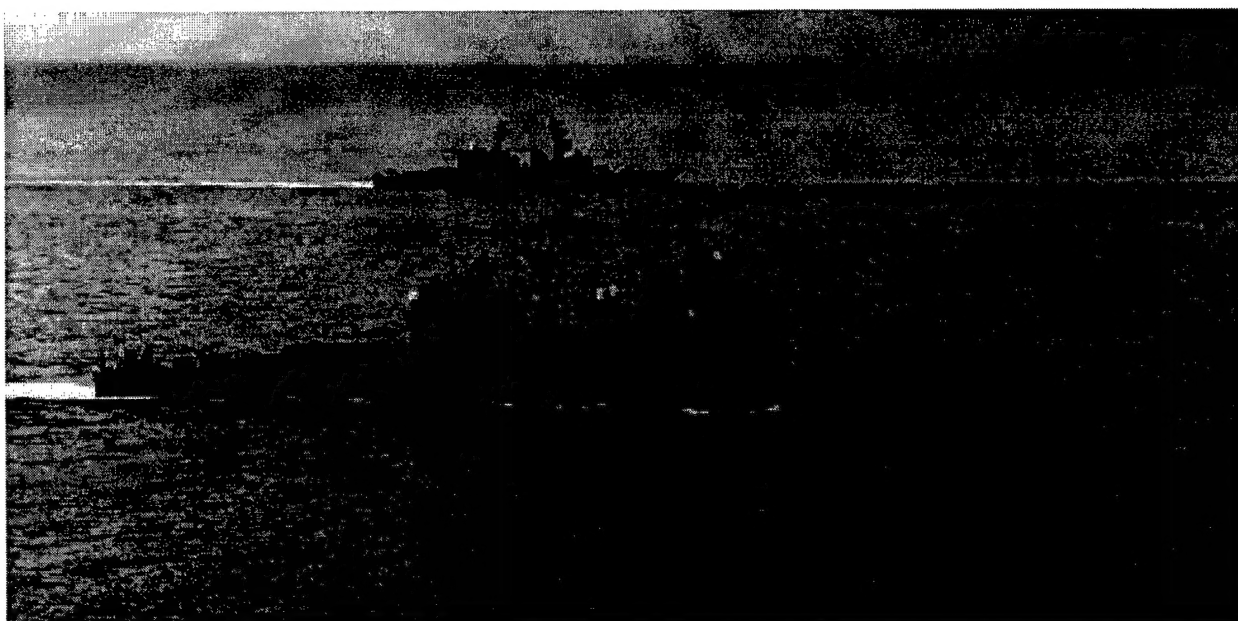
Chart 3 - Reflects Department's forward presence as of 28 January 1999.

and Bosnia. On any given day, nearly 50,000 Sailors and Marines on over 100 ships are deployed to locations around the world.

<b>Naval Overseas Presence</b> (Percentage of time regions are covered by an aircraft carrier battle group)			
	<b>FY 1998</b>	<b>FY 1999</b>	<b>FY 2000</b>
<i>Pacific</i>	67%	100%	100%
<i>Europe</i>	40%	75%	75%
<i>Southwest Asia</i>	82%	75%	75%

<b>Marine Corps Overseas Presence</b> (Percentage of time regions are covered by an a Marine expeditionary unit/ amphibious ready group)			
	<b>FY 1998</b>	<b>FY 1999</b>	<b>FY 2000</b>
<i>Pacific</i>	100%	100%	100%
<i>Europe</i>	82%	80%	80%
<i>Southwest Asia</i>	50%	50%	50%





## SHIP OPERATIONS

### Battle Force Ships

The budget provides for a deployable Battle Force (including Reserves) of 315 ships by the end of FY 1999 (down from 333 in FY 1998) and 314 ships by the end of FY 2000. This level will support 12 aircraft carrier battle groups and 12 amphibious ready groups.

The FY 1999 inactivation of 25 ships is partially offset by the activation of 1 Military Sealift Command operated fleet oiler and the commissioning of six new construction ships, including four Arleigh Burke class guided missile destroyers, one oceanographic survey ship, and one Seawolf class nuclear attack submarine. In FY 2000, two Arleigh Burke class guided missile destroyers will be commissioned and three ships (two frigates and an attack submarine) will be inactivated. These force structure changes

.. appropriately sized forces

are designed to achieve the QDR levels of surface combatants (116) and attack submarines (50) by FY 2003. The Fleet Ballistic Missile submarine force reflects pre-START II approved levels.

Table 1 summarizes Battle Force ship levels.

**Table 1**  
**Department of the Navy**  
**Battle Force Ships**

	<b>FY 1998</b>	<b>FY 1999</b>	<b>FY 2000</b>
<i>Aircraft Carriers</i>	12	12	12
<i>Fleet Ballistic Missile Submarines</i>	18	18	18
<i>Surface Combatants</i>	117	116	116
<i>Nuclear Attack Submarines</i>	65	57	56
<i>Amphibious Warfare Ships</i>	40	39	39
<i>Combat Logistics Ships</i>	39	34	34
<i>Mine Warfare Ships</i>	16	16	16
<i>Support Ships</i>	26	23	23
<b>Battle Force Ships</b>	<b>(333)</b>	<b>(315)</b>	<b>(314)</b>



## OPTEMPO

For FY 2000, deployed ship operations are budgeted to maintain highly ready forces, prepared to operate jointly to perform the full-spectrum of military activities, and to meet forward deployed operational requirements and overseas presence commitments in support of the National Military Strategy. The budget provides funds necessary to achieve the Department's operational tempo (OPTEMPO) goal of 50.5 underway days per quarter for deployed forces and 28

*... appropriately positioned forces*

underway days per quarter for non-deployed forces. This will enable the Fleets to maintain one carrier battle group (CVBG) and one amphibious ready group (ARG) in European waters, one CVBG and one ARG in the Western Pacific and one

CVBG and one ARG in either the Indian Ocean or the Arabian Gulf for portions of each year as required by national security policy. However, national security requirements have called on Naval forces to operate in excess of that target level in all but one year over the past two decades. That relevance and demand is expected to continue. Additional deployed underway days in FY 2000 in support of contingency operations for Bosnia and Southwest Asia are budgeted in the Overseas Contingency Operations Transfer Fund (OCOTF).

**Chart 4 - Active Force OPTEMPO**

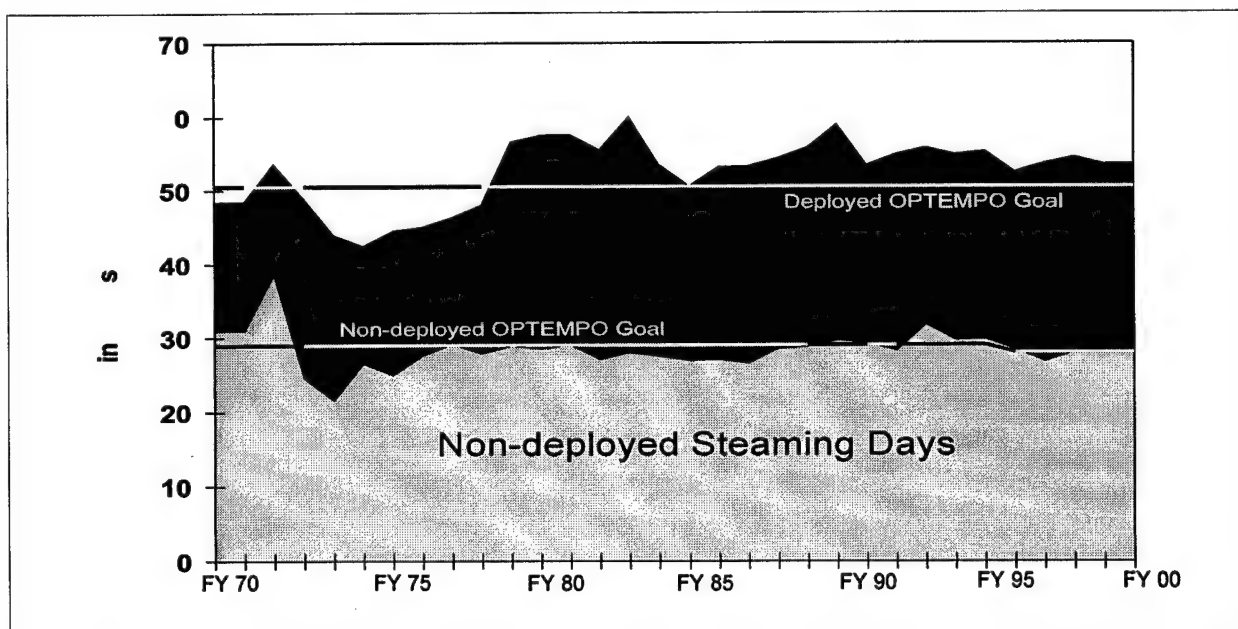
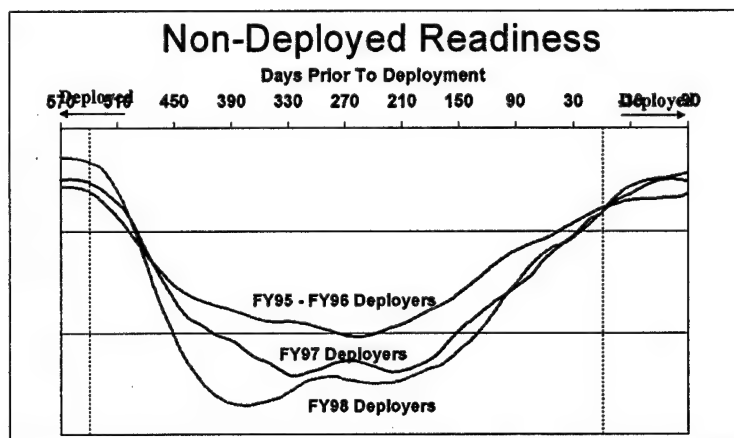


Chart 4 reflects ship OPTEMPO steaming days per quarter deployed and non-deployed. Also, displayed as horizontal lines are the deployed and non-deployed budgeted goals. Fluctuations from the goals reflect real world operations including contingency operations funded through the Overseas Contingency Operations Transfer Fund (OCOTF).

Non-deployed OPTEMPO provides primarily for the training of Fleet units when not deployed, including participation in individual unit training exercises, multi-unit exercises, joint exercises, refresher training, and various other training exercises. As indicated by the Non-Deployed Readiness chart below, a growing concern has been the worsening trend in the cyclical ebb of our inter-deployment training cycle (IDTC). FY 1997 and FY 1998 deployers were experiencing later recoveries in

order to meet succeeding deployments. In FY 2000, we have addressed this concern by investing more in the operating accounts, enabling the Department to achieve readiness goals.

The Navy has also implemented a reduction in the number of inspections and exercises to be performed by non-deployed ships at various stages of the IDTC. This will reduce workload for our sailors and allow more time off ship during non-deployed periods. Non-deployed Fleet OPTEMPO levels are considered the minimum required for maintaining a combat ready and rapidly deployable force. Chart 4 illustrates historical and budgeted OPTEMPO.



## Reserve Battle Force Ships

The Naval Reserve Force will consist of 16 Battle Force ships in FY 2000 as two FFG's decommission. The Naval Reserve has transitioned from primarily a frigate force to multiple class ships. In FY 2000, the Naval Reserve will consist of eight frigates, 1 CV, 2 LSTs, 1 MCS, and 4 MCMs. The Naval Reserve Force continues to actively augment and support the active force while achieving personnel tempo goals. Due to scheduled operational requirements, the USS Inchon (MCS) and two MCMs are scheduled to deploy to the Mediterranean and Arabian Sea for five months during FY 1999, in support of Active forces and mine warfare exercises. In addition, the USS Kennedy will deploy in FY 2000 as part of a normal Active deployment to the Mediterranean and Arabian Sea. The Reserve CV and selected Mine Warfare ships are budgeted at an increased OPTEMPO in support these Active deployments. The Naval

*routine presence of  
ready forces overseas*

Reserve Force FFGs and LSTs are budgeted at 18 steaming days per quarter.

Table 2 reflects Reserve battle force ships and steaming days per quarter and, where appropriate, both non-deployed and deployed steaming days due to operational requirements.

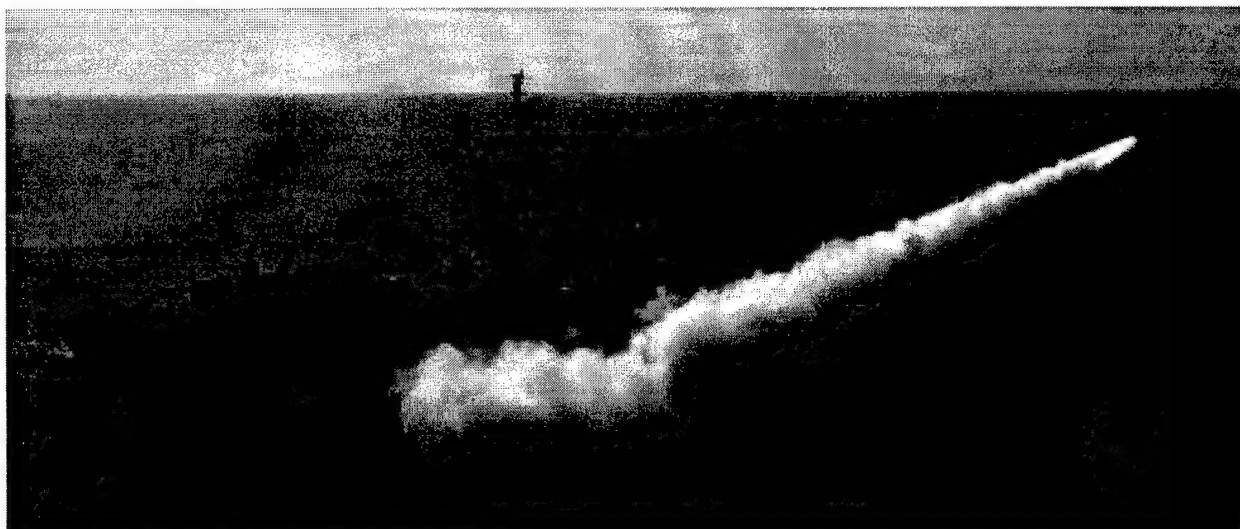
**Table 2**

**Department of the Navy**

**Significant Naval Reserve Force Factors**

	<b>FY 1998</b>	<b>FY 1999</b>	<b>FY 2000</b>
<b>Reserve Battle Force Ships</b>	<b>(18)</b>	<b>(18)</b>	<b>(16)</b>
Reserve Operational Carrier	1	1	1
Surface Combatants	10	10	8
Amphibious Ships	2	2	2
Support/Mine Warfare	5	5	5
<b>Steaming Days Per Quarter</b>			
Reserve Operational Carrier	33	33	<sup>1/</sup> 55
Mine Warfare (MCS/MCM)	18	<sup>1/</sup> 51	27
FFGs/LSTs	18	18	18

1/ Higher OPTEMPO to reflect scheduled deployments.



## Mobilization

Mobilization forces are maintained for rapid response to unforeseen contingencies throughout the world. The Mobility Requirements Study and the Mobility Requirements Study Bottom-Up Review Update recommended additional sealift capacity. Sealift assets include both prepositioning and surge ships. Operating costs of prepositioning ships and exercise costs for surge ships are reimbursed to the National Defense Sealift Fund (NDSF) by the operations account of the requiring Defense component, as parenthetically noted in Table 5 below. Department of the Navy O&M appropriations reimburse the biennial exercise costs of the Hospital Ships (T-AH) and the Aviation Maintenance Ships (T-AVB), and will continue to fund the daily operating costs of the Maritime Prepositioning Ships (MPS). Each of the three MPS squadrons is equipped to support a Marine Air-Ground Task Force or Brigade equivalent for 30 days. An additional Maritime Prepositioned Force (Enhanced) (MPF(E)) Ship will be added in FY 1999. This MPF(E) ship will replace Hospital Shuttle Ship Motor Vessel *Green Ridge*. The second MPF(E) is scheduled to be added in FY 2000. NDSF assumed direct funding responsibility for the Reduced Operating Status of all surge ships in FY 1998, and funds all Ready Reserve Force ships maintained by the Maritime Administration (MARAD). A significant enhancement to the Surge Sealift fleet is planned for FY 2000 as four additional Large Medium-Speed Roll-On Roll-Off vessels will enter service, increasing the inventory to six of a total of 11 planned ships. Table 3 displays the composition of Navy Mobilization forces.

**Table 3**  
**Department of the Navy**  
**Mobilization**

<b>Strategic Sealift (# of ships)</b>	<b>FY 1998</b>	<b>FY 1999</b>	<b>FY 2000</b>
<b>Prepositioning Ships:</b>			
Maritime Prepo Ships (Navy O&M)	13	13	13
Maritime Prepo (Enhanced) (Navy O&M)	0	1	2
Hospital Shuttle/Prepo (Navy O&M)	1	0	0
CENTCOM Ammo Prepo (Navy O&M)	0	1	1
Army Prepo Ships (Army O&M)	14	18	17
Air Force Prepo Ships (Air Force O&M)	3	3	3
DLA Prepo Ships (DWCF)	3	3	3
<b>Surge Ships:</b>			
Aviation Logistics Support (NDSF)	2	2	2
Hospital Ships (NDSF)	2	2	2
Fast Sealift Ships (NDSF)	8	8	8
Ready Reserve Force Ships (NDSF)	89	89	89
Large Medium-Speed RORO Ships (NDSF)	1	2	6
<b>Surge Sealift Capacity (millions of square feet)</b>	<b>7.3</b>	<b>7.7</b>	<b>8.7</b>
<b>Total Sealift Capacity (millions of square feet)</b>	<b>10.1</b>	<b>11.5</b>	<b>12.6</b>

## Ship Depot Maintenance

The increase in topline made available has enabled the Department to achieve the CNO goal of 94% of scheduled ship depot maintenance requirements in FY 2000 and through the Future Years Defense Plan for the active forces and 92% for reserve forces. This represents a significant improvement over recent levels. The FY 2000 increase in active forces ship depot maintenance also includes four additional submarine overhauls. Beginning in FY 1999, funding for the Pearl Harbor pilot project, which merges the Intermediate Maintenance Facility and Pearl Harbor Naval Shipyard into a regional maintenance center, is budgeted in the Depot Operations Support budget line. The efficiencies gained by combining these two maintenance activities will allow the Navy to accomplish more ship maintenance within existing resources. In addition, the Department is implementing an innovative program designed to reduce maintenance burdens on fleet personnel through the development of new technologies and processes to replace traditionally labor intensive workload and improve sailors quality of life aboard ship and at shore maintenance facilities. Table 4 displays active and reserve ship depot maintenance.

**Table 4**  
**Department of the Navy**  
**Active Forces Ship Depot Maintenance**

<i>(Dollars in Millions)</i>	<b>FY 1998</b>	<b>FY 1999</b>	<b>FY 2000</b>
Ship Depot Maintenance	\$2,031.0	\$2,074.4	\$2,365.1
Depot Operations Support	776.9	1,124.5	1,143.8
<b>Total: Ship Maintenance (O&amp;MN)</b>	<b>\$2,807.9</b>	<b>\$3,198.9</b>	<b>\$3,508.9</b>
<b>CVN Overhauls (SCN)</b>	<b>\$1,550.0</b>	<b>\$274.0</b>	<b>\$345.6</b>
 No. of Ship Overhauls (Units)	 5	 6	 10
Ship Overhaul Backlog (Units)	-	-	-
Estimated No. of RA/TA (Units)	78	84	75
 Percentage of Requirement Funded	 -	 92%	 94%

### Reserve Depot Maintenance

*(Dollars in Millions)*

	<b>FY 1998</b>	<b>FY 1999</b>	<b>FY 2000</b>
Reserve Ship Depot Maintenance	\$63.6	\$80.8	\$95.7
Percentage of Requirement Funded	-	92%	92%

Also refer to Appendix B for more information:  
Operation and Maintenance, Navy  
Operation and Maintenance, Navy Reserve

Table  
B-6  
B-8

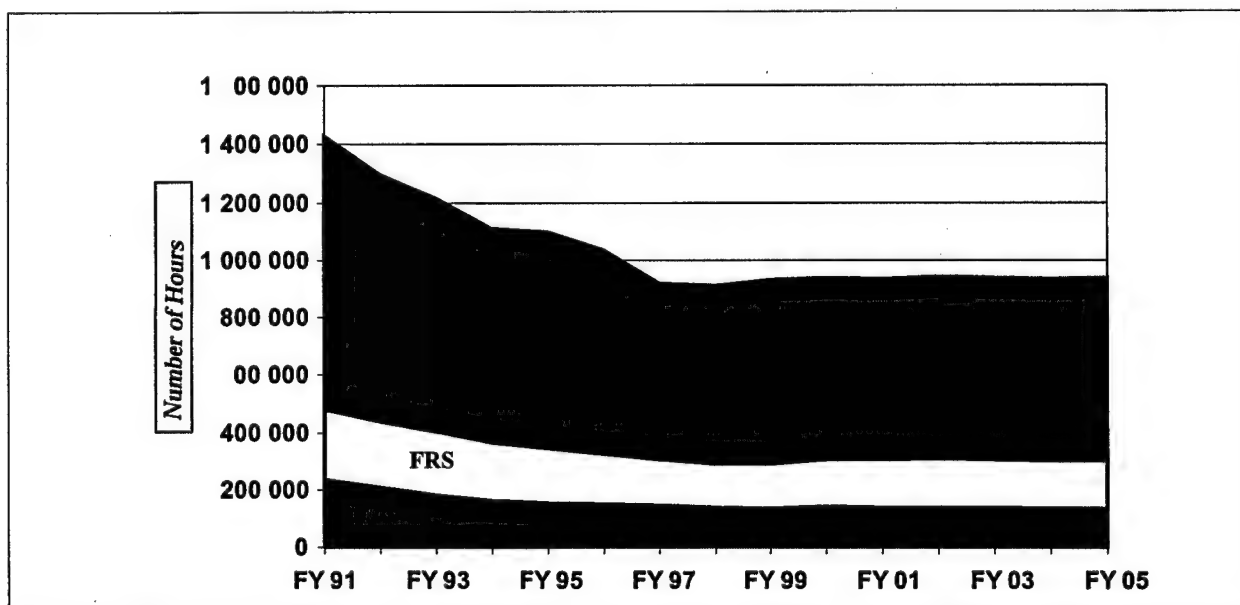
## AIR OPERATIONS

### *Tactical Air Forces*

This budget provides for the operation, maintenance and training of ten active Navy carrier air wings and three Marine Corps air wings. Naval aviation is divided into three primary mission areas: Tactical Air/Anti-Submarine Warfare (TACAIR/ASW), Fleet Air Support (FAS), and Fleet Air Training. Tactical air squadrons conduct strike operations, provide flexibility in dealing with a wide range of threats identified in the national military strategy, and provide long range and local protection against airborne and surface threats. Anti-Submarine Warfare squadrons locate, destroy and provide force protection against sub-surface threats, and conduct maritime surveillance operations. Fleet Air Support squadrons provide vital fleet logistics support. In Fleet Air Training the Fleet Readiness Squadrons (FRS) provide the necessary training to allow pilots to become proficient with their specific type of aircraft and transition to fleet operations.

While there was no change in the number of squadrons as a result of the Quadrennial Defense Review, aircraft force structure adjustments initiated in FY 1998 reduced the number of aircraft per squadron. The total number of active aircraft will decrease from 2,526 in FY 1998 to 2,456 in FY 2000.

**Chart 5 - Flying Hour Program**



TACAIR flying hours decline steeply until FY 1997, and then are budgeted to remain relatively constant.

## **Reserve Air Forces**

Reserve aviation has expanded its role by accepting more missions from the active force. The Reserves provide all of the Navy's adversary and overseas logistics requirements and a portion of the electronic training and counter-narcotics missions. The Naval Reserve also provides support to the active force through participation in various exercises and mine warfare missions. These varied missions demonstrate the Navy's effort to employ Reserve Forces to meet operational requirements. In FY 2000, one Reserve patrol wing will be decommissioned.

Table 5 reflects active and reserve aircraft force structure.

**Table 5**

**Department of the Navy  
Aircraft Force Structure**

	<b>FY 1998</b>	<b>FY 1999</b>	<b>FY 2000</b>
<b>Air Forces - Active</b>	<b>18</b>	<b>18</b>	<b>18</b>
Navy Carrier Air Wings	10	10	10
Marine Air Wings	3	3	3
Patrol Wings	3	3	3
Helicopter Anti-Submarine Light Wings	2	2	2
<b>Naval Reserve Air Forces</b>	<b>6</b>	<b>6</b>	<b>5</b>
Tactical Air Wings (Navy Reserve)	1	1	1
Reserve Patrol/ASW Air Wings	2	2	1
Reserve Helicopter Air Wing	1	1	1
Reserve Logistics Air Wing	1	1	1
Air Wing (Marine Reserve)	1	1	1
<b>Primary Authorized Aircraft - Active <sup>1/</sup></b>	<b>2,526</b>	<b>2,494</b>	<b>2,456</b>
Navy	1,465	1,456	1,439
Marine Corps	1,061	1,038	1,017
<i>1/ Does not include trainer or TACAMO aircraft.</i>			
<b>Primary Authorized Aircraft - Reserve</b>	<b>444</b>	<b>435</b>	<b>417</b>
Navy	259	250	232
Marine Corps	185	185	185



## **Aircraft OPTEMPO**

The FY 2000 budget for the active aircraft flying hour program will provide the funds necessary to achieve the Department's goal of 85% Primary Mission Readiness (PMR) to train and maintain qualified aircrews in the primary mission of their assigned aircraft. This level of operation is essential to meet the objective of maintaining ready Naval Aviation units capable of performing a variety of military missions, including joint operations in support of emergent conflicts as well as ongoing peacekeeping operations. The Flying Hour Program has been priced using the most recent FY 1998 cost per hour experience including higher costs for spares and repair parts and also includes \$95 million specifically added in FY 2000 to eliminate an existing

**Respond to the full spectrum of crises**

backlog of spare parts. Significant increases have also been budgeted in the Aviation procurement spares account to improve readiness and sustainability of Naval Air forces, especially among non-deployed units. Contingency

operations are budgeted for Southwest Asia and Bosnia in FY 2000 in the Overseas Contingency Operations Transfer Fund and are not reflected in the Department of the Navy budget. This operational tempo (OPTEMPO) supports ten active carrier wings and three active Marine Corps air wings. Consistent with recent execution experience, Fleet Readiness Squadrons operations are budgeted at 90% of the requirement to enable pilots to complete the training syllabus. Student levels are established by authorized TACAIR/ASW force level requirements, aircrew maintenance personnel rotation rates and student output from the Undergraduate Pilot/NFO training program. Fleet Air Support requirements correlate with TACAIR operational requirements. Naval Reserve PMR remains budgeted at 87% in FY 2000. Table 6 displays active and reserve flying hour readiness indicators.

**Table 6**  
**Department of the Navy**

<b>Flying Hour Program</b>	<b>FY 1998</b>	<b>FY 1999</b>	<b>FY 2000</b>
<b>Active</b>			
TACAIR Primary Mission Readiness (%) <sup>1/</sup>	80%	85%	85%
Fleet Readiness Squadrons (%)	88%	90%	90%
Fleet Air Support (%)	87%	82%	84%
Monthly Flying Hours per Crew (USN & USMC)	20.2	22.1	22.3
<sup>1/</sup> Includes 2% simulator contribution			
<b>Reserve</b>			
Primary Mission Readiness (%) <sup>1/</sup>	87%	87%	87%
Monthly Flying Hours per Crew (USNR & USMCR)	11.0	11.0	11.0

<sup>1/</sup> Includes 0.25% simulator contribution

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## ***Aircraft Depot Maintenance***

The Active and Reserve Aircraft Depot Maintenance program funds major repair and overhauls, within available capacity, to ensure that sufficient quantity of aircraft are available to operational units. The readiness-based model used to determine maintenance requirements is based on squadron inventory authorization necessary to execute assigned Active and Reserve missions. The model manages depot maintenance output so that the Department can determine the level of

***Maintain ready  
forces ...***

resources necessary, within existing inventory, to provide enough airframes to meet full Primary Authorized Aircraft (PAA) for deployed squadrons and no more than 10% below PAA for non-deployed squadrons. Sufficient resources have been

budgeted to achieve the readiness goal for deployed squadrons, and 97% of active and reserve non-deployed squadrons are funded to meet the goal by the end of FY 2000. Through the increased funding levels approved by the Administration, the Department expects to meet the goal by FY 2001. The funding decrease in the airframe program reflects the prediction that fewer airframes will need depot repair and the average cost per unit is expected to be less due to changes in the mix of aircraft being repaired. The amount of funding in the engine rework program is sufficient to accommodate projected throughput demand and reduce the number of backlogged engines.

Tables 7a and 7b summarize Active and Reserve Aircraft Depot Maintenance.



**Table 7a**  
**Department of the Navy**  
**Active Forces Aircraft Depot Maintenance**  
(Dollars in Millions)

	<b>FY 1998</b>	<b>FY 1999</b>	<b>FY 2000</b>
<i>Airframes</i>	\$550.7	\$549.3	\$488.1
<i>Engines</i>	182.5	218.6	227.2
<i>Components</i>	35.9	36.7	31.6
<b>Total: Active Aircraft Depot Maintenance</b>	<b>\$769.1</b>	<b>\$804.6</b>	<b>\$746.9</b>
<i>Deployed Squadrons meeting goal</i>	173	171	169
<i>Deployed Squadrons not meeting goal</i>	0	0	0
<i>Non-Deployed Squadrons meeting goal</i>	163	170	175
<i>Non-Deployed Squadrons not meeting goal</i>	18	12	8
<i>Engine Throughput</i>	1,048	1,129	1,106
<i>Engines Backlogged</i>	354	291	253

**Table 7b**  
**Reserve Forces Aircraft Depot Maintenance**  
(Dollars in Millions)

	<b>FY 1998</b>	<b>FY 1999</b>	<b>FY 2000</b>
<i>Airframes</i>	\$46.9	\$90.8	\$70.6
<i>Engines</i>	17.1	27.4	33.1
<i>Components</i>	.7	.4	.4
<b>Total : Reserve Aircraft Depot Maintenance</b>	<b>\$64.7</b>	<b>\$118.6</b>	<b>\$104.1</b>
<i>Non-Deployed Squadrons meeting goal</i>	51	50	50
<i>Non-Deployed Squadrons not meeting goal</i>	0	0	0
<i>Engine Throughput</i>	106	176	222
<i>Engines Backlogged</i>	102	110	51

Also refer to Appendix B for more information:  
Operation and Maintenance, Navy  
Operation and Maintenance, Navy Reserve

Table  
B-6  
B-8

## MARINE CORPS OPERATIONS

### Marine Corps

This budget supports a Fleet Marine Force (FMF) of three active Marine Expeditionary Forces (MEF). Each MEF is comprised of a headquarters command element, one ground division, one airwing, and one force service support group.

Despite lower funding levels, the budget includes an acceptable level of support for the Operating Forces of the Marine Corps, to include continuation of the fielding of improved equipment for the individual Marine. The budget reflects savings in FY 2000 associated with operational efficiencies; maintains an acceptable level of depot

*... ensure necessary training*

maintenance unfunded backlog of approximately \$37 million in FY 2000; fully finances requirements for recruit training, initial skill training and follow-on training courses and continues to support recruit accession goals. This

budget also continues the effort to reduce the training pipeline and increase manpower strength in the FMF through the Distributed Learning program. A reprogramming of \$54.9 million from the Military Personnel, Marine Corps appropriation to fund critical readiness issues in the O&M,MC appropriation is planned during FY 1999.

Table 8 displays Marine Corps land forces.

**Table 8**  
**Department of the Navy**  
**Marine Corps Land Forces**

	<b>FY 1998</b>	<b>FY 1999</b>	<b>FY 2000</b>
Number of Marine Expeditionary Forces	3	3	3
Number of Battalions	69	69	69



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### ***Marine Corps Reserve Operations***

This budget supports a Marine Reserve Force that includes the Fourth Marine Division, the Fourth Marine Aircraft Wing, the Fourth Force Service Support Group and the Marine Corps Reserve Support Command.

The budget reflects Reserve Force Structure Review Group realignments, providing support costs for Reserve end-strength. The budget also continues increased funding for environmental programs and for provision of initial issue equipment.

Also refer to Appendix B for more information:	<u>Table</u>
Operation and Maintenance, Marine Corps	B-7
Operation and Maintenance, Marine Corps Reserve	B-9

## PEOPLE

America's naval forces are combat-ready largely due to the dedication and motivation of individual Sailors, Marines, and civilians. Developing and retaining quality people are so vital to our continued success and are among the Department's biggest challenges. Meeting these challenges is essential to long-term effectiveness. It is with this in mind that we must continue to put a premium on recruiting, retaining, and training the best people our country has to offer.

The Department of the Navy is continuing to improve the quality-of-life of its personnel consistent with the Secretary of the Navy's priorities for the future. The quality of our forces depends on the quality of our military personnel. The men and women who comprise today's all-volunteer military are of the highest caliber, and we must continue to strive to attract and maintain this effective force. Attention to personnel tempo demands is essential. An important element of our policy is to provide our people with a quality-of-life commensurate with the sacrifices we ask them to make.

***... maintain highly skilled and motivated people***

<b><i>Navy Personnel Tempo</i></b>	<b><i>FY 1998</i></b>	<b><i>FY 1999</i></b>	<b><i>FY 2000</i></b>
<i>Units Not Meeting Personnel Tempo Goal</i>	2	0	0

*Note: The navy uses a combination metric for personnel tempo. To meet the goal, a unit must deploy for not more than six months at a time, spend twice as much time nondeployed as deployed, and spend 50 percent of its time in home port over a five-year cycle.*

<b><i>Marine Corps Deployment Tempo</i></b>	<b><i>FY 1998</i></b>	<b><i>FY 1999</i></b>	<b><i>FY 2000</i></b>
<i>Units Deployed more than 180 Days per Year Over a 36-month Schedule Period</i>	1	0	0

Military Personnel budget estimates include an across the board pay raise of 4.4% effective on January 1, 2000, an additional targeted raise (pay table reform) ranging from 0 to 5.5% effective on July 1, 2000, and repeal of the Redux Retirement System. We also continue to provide adequate funding in areas such as housing, community and family support, transition assistance, and morale and recreation activities. Recognizing the aging and substandard housing currently in the Department's inventory, the budget focus is to replace or improve antiquated and unserviceable housing units using privatization authorities where possible. The FY 2000 budget includes funds for 329 new and replacement housing units; construction of 12 Bachelor Enlisted Quarters in CONUS, 1 in Hawaii and 2 overseas; and construction of 3 Fitness Centers. As the Navy begins privatizing family housing units, resources have been transferred from the Family Housing appropriation into both the DOD Family Housing

Improvement Program to fund Public Private Ventures and to the Military Personnel appropriations to provide housing allowances for a greater number of military members to use in the private sector.

## Navy

This budget reflects the Navy's effort to improve its recruiting and retention rates in order to meet budgeted end strength levels. Due to the nation's strong economy, the Navy has experienced great difficulty in recruiting the required number of personnel. The strong economy has also increased demand by the private sector for employees with special technical skills and has managed to attract enlisted personnel into its work pool. This has impacted the Navy's ability to retain sailors in some critical skill areas. This budget reflects positive steps to address these manning challenges. The Navy has made a conscious effort to rebalance recruiting and retention programs such as Selective Reenlistment Bonus (SRB), Enlistment Bonus (EB), and Navy College Fund (NCF) in order to achieve the optimal mix of resources. Also, in light of the lift by Congress of the 10% cap on SRB payments, increased funding for SRBs may be needed during execution of the FY 1999 budget. We have also included funding to stabilize the production recruiter force at 4,500 and to maintain an increased level of advertising. We believe this resource rebalance will allow the Navy to fully execute budgeted end strength levels and ensure the proper combination of grade, skill, and experience in the force.

In view of the fact that the force level recommended during the Quadrennial Defense Review will be achieved in FY 2003, and the fact

**Chart 6 - Active Military Personnel End Strength**

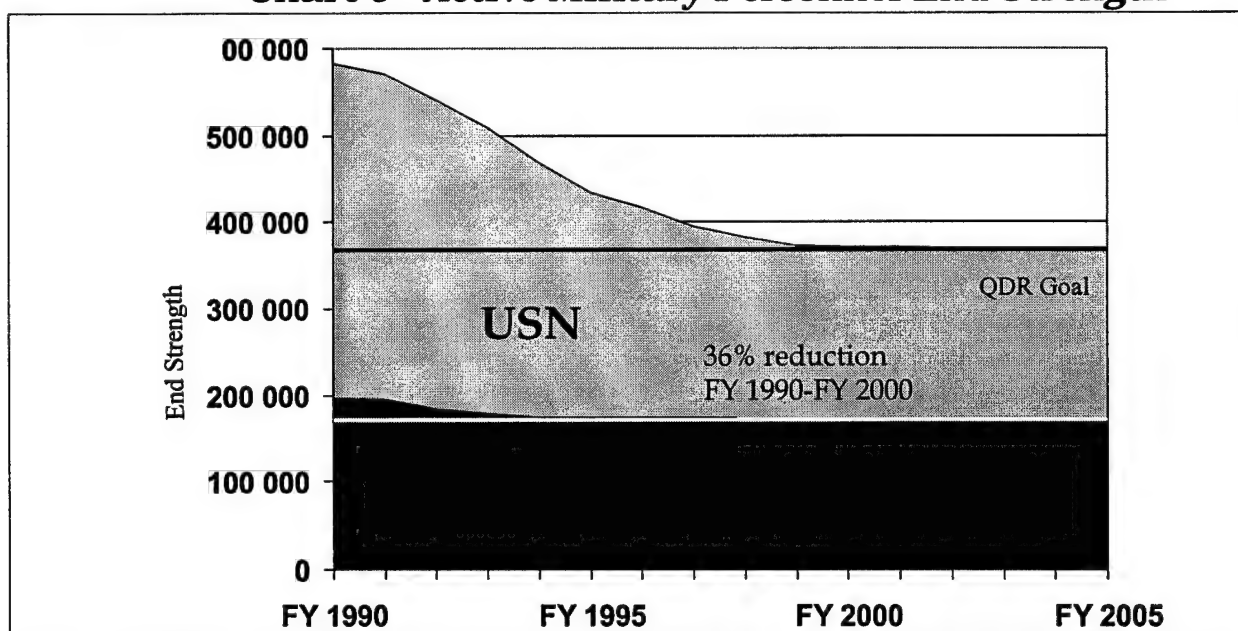


Chart 6 graphically displays Military Personnel reductions through FY 2005.



that the majority of the downsizing has already occurred, the Navy has placed emphasis in this submission on a number of Smart Work initiatives designed to provide the most efficient and effective application of manpower resources in a steady state environment. For example, to improve recruiting accessions and fleet readiness, the General Detail (GENDET) Targeted Enlistment program has been instituted to increase the number of new recruits who will perform a period of general detail service with a guaranteed follow-on 'A' school. To improve retention, the Department has instituted several manpower initiatives to assign transient members to the Fleet units during the period they are awaiting school or their next duty assignment. This will provide improvements in fleet manning, reduce attrition, improve motivation, and foster a more efficient training pipeline. In addition, the Navy has increased long-term advancement opportunities to improve retention in undermanned or critical ratings and included funding for several legislative proposals to address the retention challenges in the unrestricted communities of aviation, submarine warfare, and surface warfare. For example, this budget submission includes funding for Surface Warfare Officer Continuation Pay intended to increase retention at the department head level by offering a bonus to officers with 4 to 10 years of commissioned service; and Special Warfare Officer Incentive pay will be offered to increase retention by offering a new bonus to officers with 6 to 15 years of commissioned service. Furthermore, investments in training system modernization, primarily in advanced electronic classrooms, will also reduce attrition while reducing time to train and increasing the capacity at 'A' schools.

The Navy's primary focus continues to be maximum readiness through selective retention of qualified and experienced personnel. The budget reflects the resource mix to ensure attainment of this goal. Table 9 provide summary personnel end strength data for Military Personnel, Navy.

**Table 9**  
**Department of the Navy**  
**Active Navy Personnel**

	<b>FY 1998</b>	<b>FY 1999</b>	<b>FY 2000</b>
<i>Officers</i>	54,999	54,147	53,587
<i>Enlisted</i>	323,120	314,208	314,194
<i>Midshipmen</i>	4,219	4,000	4,000
<b>Total: End Strength</b>	<b>382,338</b>	<b>372,355</b>	<b>371,781</b>
<i>Accessions</i>	47,907	51,844	56,042
<i>Reenlistments</i>	36,521	35,465	37,502
<i>Enlisted Retention Rates</i>			
<i>First Term</i>	30.5%	32.0%	33.5%
<i>Second Term</i>	46.3%	48.0%	49.5%
<i>Enlisted accessions</i>			
<i>Percent High School Diploma Graduates</i>	95%	90%	90%
<i>Percent above average Armed Forces Qualification Test</i>	64%	62%	62%

## **Marine Corps**

This budget fully funds an end strength of 172,148 in FY 2000. Through an aggressive study of business practices, the Marine Corps has achieved efficiencies in training pipeline and support structure. This has resulted in a modest active duty end strength reduction. Savings generated have been applied to modernization requirements. A reprogramming of \$54.9 million from the Military Personnel, Marine Corps appropriation to fund critical readiness issues in the O&M,MC account is planned during FY 1999.

Table 10 provide summary personnel end strength data for Military Personnel, Marine Corps.

**Table 10**  
**Department of the Navy**  
**Active Marine Corps Personnel**

	<b>FY 1998</b>	<b>FY 1999</b>	<b>FY 2000</b>
<i>Officers</i>	17,892	17,878	17,850
<i>Enlisted</i>	155,250	154,322	154,298
<b>Total: End Strength</b>	<b>173,142</b>	<b>172,200</b>	<b>172,148</b>
<i>Accessions</i>	34,015	34,351	34,086
<i>Reenlistments</i>	14,947	14,302	12,888
<i>Enlisted Retention Rates</i>			
<i>First Term</i>	21.6%	23.0%	23.0%
<i>Enlisted accessions</i>			
<i>Percent High School Diploma Graduates</i>	96%	95%	95%
<i>Percent above average Armed Forces Qualification Test</i>	66%	63%	63%

Also refer to Appendix B for more information:  
Military Personnel, Navy  
Military Personnel, Marine Corps

Table  
B-2  
B-3

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## **Naval Reserve**

This budget supports a Naval Reserve end strength of 90,288 in FY 2000, providing pay and allowances for drilling Navy Reserve personnel attached to specific units and Full Time Support personnel. The Department remains committed to increasing use of the Naval Reserve in the Total Force. To that end, this budget provides for extensive contributory support of the active forces in addition to the roles and missions specifically assigned to reserve units. Examples of contributory support include participation in contingency operations, intelligence support, fleet exercises/deployments, air logistics operations, counterdrug missions, mine and inshore undersea warfare and extensive medical support of the active forces.

One of the means by which the Naval Reserve provides contributory support to the active component is through Annual Training (AT). There is mounting evidence that the historically budgeted enlisted AT participation rate of 81% does not afford all eligible Naval Reservists the opportunity to perform AT. As a result of AT funding provided in the FY 1998 Emergency Supplemental, the Navy demonstrated that a level higher than 81% can be executed. Therefore, this budget provides the necessary funding to increase the budgeted AT participation rate for enlisted drilling Reservists to 87% beginning in FY 2000.

Naval Reserve end strength continues to decline until attaining the force levels recommended in the Quadrennial Defense Review at the end of FY 2003.

Table 11 provides end strength data for the Reserve Personnel, Navy account.

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**Table 11**  
**Department of the Navy**  
**Reserve Navy Personnel**

	<b>FY 1998</b>	<b>FY 1999</b>	<b>FY 2000</b>
<i>Selected Navy Reserves</i>	76,752	75,253	75,278
<i>Fulltime Support</i>	16,419	15,590	15,010
<b>Total: End Strength</b>	<b>93,171</b>	<b>90,843</b>	<b>90,288</b>

### ***Marine Corps Reserve***

This budget supports a Marine Corps Reserve end strength of 39,624 in FY 2000. This end strength will ensure availability of trained units to augment and reinforce the active forces, as well as providing for a Marine Air-Ground Task Force Headquarters and Marine Forces Reserve (MARFORRES). The budget provides for pay and allowances for drilling reservists attached to specific units, for Individual Mobilization Augmentees (IMA's), for personnel in the training pipeline, and for full-time Active Reserve personnel. This past year, the Marines Corps convened a Reserve Force Structure Review Group (RFSRG) which was tasked to review notional QDR structure. The RFSRG adjusted the total force of reservists to create a more effective component. The Department remains committed to Reserve contributory support to enhance and complement the active force while maintaining unit readiness to meet crisis requirements.

Table 12 provides end strength data for the Reserve Personnel, Marine Corps account.

***Chart 7 - Reserve Military Personnel End Strength***

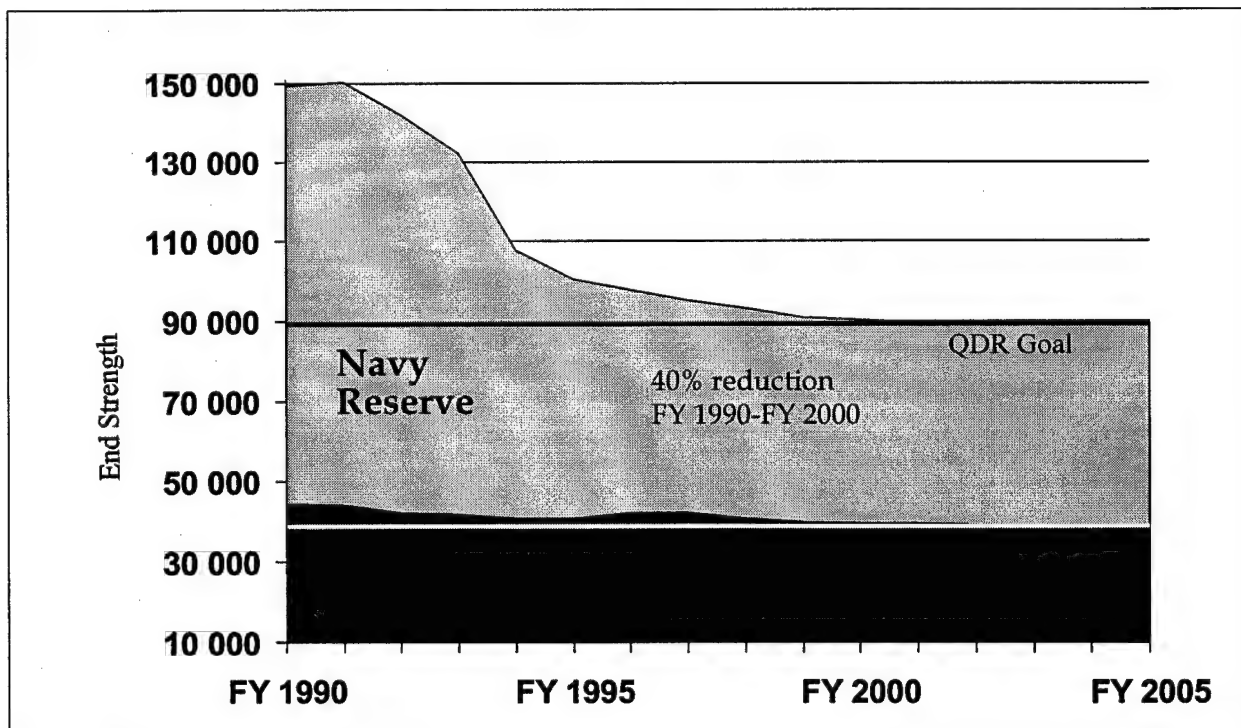


Chart 7 graphically reflects Naval and Marine Corps Reserve personnel reductions from FY 1990 through FY 2005.

**Table 12****Department of the Navy  
Reserve Marine Corps Personnel**

	<i><b>FY 1998</b></i>	<i><b>FY 1999</b></i>	<i><b>FY 2000</b></i>
<i>Selected Marine Corps Reserves</i>	<i>38,483</i>	<i>37,656</i>	<i>37,352</i>
<i>Full Time Support</i>	<i>2,359</i>	<i>2,310</i>	<i>2,272</i>
<b>Total: End Strength</b>	<b>40,842</b>	<b>39,966</b>	<b>39,624</b>

Also refer to Appendix B for more information:  
Reserve Personnel, Navy  
Reserve Personnel, Marine Corps

Table  
B-4  
B-9

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## SECTION III - RECAPITALIZATION

Readiness can only be sustained into the future with a recapitalization program that delivers adequate numbers of technologically superior platforms and systems to the Fleet. Emergence from the Cold War as the sole global Naval superpower permitted a decade of greatly diminished investment, and a period of industrial, technological, and economic reorganization. The Department is now poised to enter a new millennium with a focused and expanding investment program to secure Naval superiority well into the 21<sup>st</sup> Century. Of particular note, this budget makes significant headway against ship construction backlog, building to a new construction quantity of nine in FY 2005. The total request for procurement funding has increased from \$19.5 billion in FY 1998 to \$22.0 billion in FY 2000.

At the same time, every avenue which results in cost reduction or acquisition savings must be explored. To improve the way the Navy and Marines fight, work, and live, several capital improvements have been added to the FY 2000 budget which will result in significant ownership cost reductions. These initiatives (termed "Smart Work") are evident throughout the investment accounts. This budget also

*... pursue a focused  
modernization effort*

reflects the Department's continued commitment to incorporate, where appropriate, savings from Acquisition Reform. Acquisition reform savings include resources saved through the use of performance specifications vice military

specifications, and cost avoidance attributable to reduced test requirements through modeling and simulation or early industry involvement in the design process. The Department continues to request authority for multiyear procurement as described in the ship and aircraft sections which follow. The use of multiyear procurement not only achieves planned acquisition savings but contributes to the stability of the multiyear programs, thus achieving cost avoidances. Additional acquisition reforms comprise a plethora of initiatives such as contractor incentives, cost-as-an-independent-variable, reduced oversight through statement of work modifications and increased contractor total-system-integration responsibility. Wherever possible, savings from Smart Work initiatives, as well as from acquisition reform efforts, have been folded back into the procurement accounts in an effort to increase the level of recapitalization.

We continue attempts to offset the cost of modernization through participation in combined weapons and systems development and acquisition programs, through cooperative ventures and symposia, and a number of project-oriented systems development working agreements. Many of these are listed in the following table. Such arrangements result in shared weapon and systems development costs, reduced weapon and system procurement costs, technology

sharing and leveraging, and stronger military and industrial alliances in support of national goals.

<u>Selected International Acquisition Programs</u>	<u>Countries</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
<i>(In millions)</i>				
<b>Research and Development</b>				
NATO Cooperative R&D	Various	5.1	6.4	2.5
International Cooperative RDT&E	Various	2.5	1.1	2.0
Vector	Germany, Sweden	.4	7.5	7.4
HARM Modifications	Germany, Italy	4.9	7.1	11.3
Ship Self Defense	Various	66.2	51.5	18.7
ICR Engine	United Kingdom	29.5	33.6	17.7
<b>Procurement</b>				
AV-8B	Spain, Italy	299.2	338.8	291.3
NULKA	Australia	15.3	20.6	17.2
ESSM	NATO and other allies	10.3	12.9	11.7
ITALD	Israel	.3	8.3	0
Rolling Airframe Missile (RAM)	Germany	98.5	97.6	78.2
T-45TS	United Kingdom	282.6	300.2	335.0

Note: The above amounts represent the DON program costs; this list is not all inclusive.

The Navy is also pursuing, consistent with Congressional approvals, ship sales and transfers to foreign governments. These partnerships serve the United States in two ways: by preserving through allied Navies the military utility of older but still capable platforms; and by generating U.S. government revenues to offset the burden of global leadership.

## SHIP PROGRAMS

### Surface Programs

Surface ship programs remain the backbone of National Defense, projecting the Nation's power to the farthest reaches of the globe. Consistent with this vision, the Department's FY 2000 budget reflects funding which emphasizes the acquisition, modernization, and recapitalization of the world's preeminent surface fleet.

Advance procurement of materials continues in FY 2000 for the last Nimitz-class aircraft carrier, CVN-77. CVN-77 is also the foundation of

*... prepare now for an uncertain future ...*

the evolutionary approach towards the next generation aircraft carrier (CVX) and will incorporate transition technologies consisting of an integrated island design, propulsion plant improvements, improved design tools, and manpower /material support initiatives. Continuing the evolutionary approach, R&D efforts for CVX continue in FY 2000. This approach will provide the means to develop, design and deliver the centerpiece of the Navy's Battle Groups for the 21<sup>st</sup> century. Additionally, FY 2000 contains



advance procurement of materials for the refueling overhaul of USS Eisenhower (CVN-69) (fully funded in FY 2001).

The Arleigh Burke class of guided missile destroyers, the cornerstone of the current surface combatant force, continues with the third year of a multiyear procurement program. The Navy has committed to the acquisition of a total of 13 ships over the 1998-2001 period, and will complete the program with 6 more in FY 2002-2003. Recapitalization efforts include the ongoing research and development for the next generation of Surface Combatants for the 21st Century (DD-21). DD-21 will be tailored for the land attack mission with an emphasis on maritime dominance.

Additionally in FY 2000, the third and fourth San Antonio class amphibious transport dock ships (LPD-17 class) will begin construction. Consistent with the Smart Work initiatives the LPD-17 program is funded to incorporate significant ownership savings. LPD Smart Work initiatives include the Advanced Enclosed Mast system reducing radar cross section, corrosion control for topside and well deck ducting, AAV gun, improved food services, synthetic decking for well deck, smart cards security system, New Emergency Automatic Lighting System battle lanterns, automated inventory tag-out, fresh water cooling, Integrated Condition Assessment System

### Chart 8 - Shipbuilding and Conversion Programs

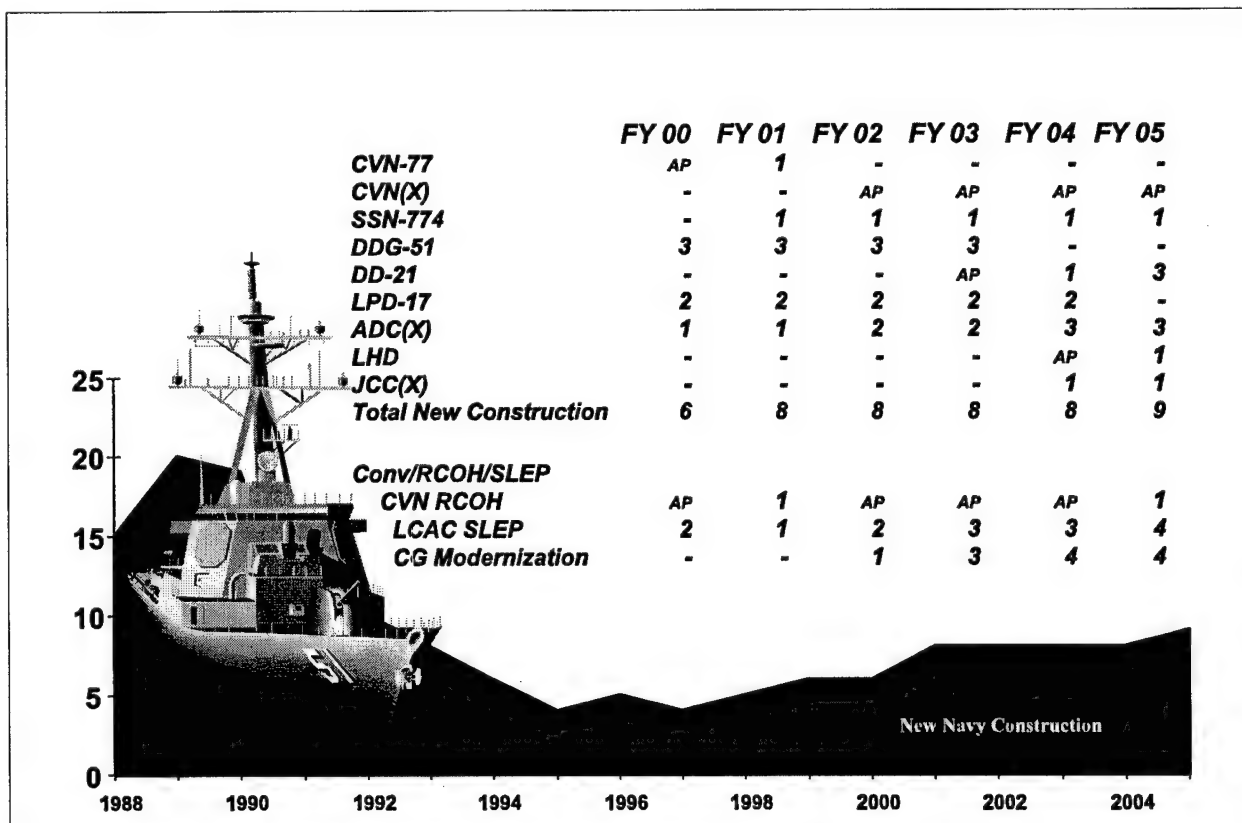


Chart 8 graphically displays new construction ships for FY 2000 through FY 2005.

enhancements, flat panel displays, diesel engine jacket water stowage, various training equipment improvements, and interactive, virtual, team training courseware enhancements. These enhancements will increase ship and crew readiness, warfighting capability, and reduce overall life cycle costs.

Significant modernization efforts continue in FY 2000. The Cooperative Engagement Capability (CEC) development was restructured to ensure this revolutionary sensor netting technology is fully integrated with today's complex combat systems. CEC R&D funding was increased to provide for additional integration testing with the Aegis Combat System and the Advanced Combat Direction System (ACDS) to ensure full interoperability of these programs. Procurement (OPN) was slowed to minimize risk in FY 2000 pending satisfactory completion of the CEC Operational Evaluation at the end of 2000. FY 1999 reprogrammings into the AEGIS and Combat Systems Integration R&D programs are anticipated to correct emergent software interoperability problems being experienced. The Nulka Anti-Ship Missile Decoy System backfits begin for cruisers, destroyers and amphibious dock landing ships following initial operational testing. The Rolling Airframe Missile (RAM) program continues to mature with procurement of the upgraded Block I missile, providing an enhanced guidance capability along with a helicopter, air and surface (HAS) mode. The Evolved Sea Sparrow Missile (ESSM) program has experienced delays in testing, additional funds are included in this budget to correct them.

**Major Surface Weapons Quantities**

	<b>FY 2000</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>
<b>TOMAHAWK</b>	148	176	70	149	200	342
<b>STANDARD</b>	91	112	147	206	252	269
<b>RAM</b>	100	100	155	180	230	205

With approval of the FY 1998 reprogramming for Tactical Tomahawk, the research and development program has been restructured to support the next generation Navy cruise missile, which is intended to provide onboard mission planning and in-flight retargeting. Efforts include simulation and ground testing and weapons system critical design review. In FY 2000 funding has also been added to convert Tomahawk Block IID missiles into the more capable Block IIIC configuration to address emergent Fleet requirements given recent extensive operational usage. FY 2000 also marks the first year of a four-year multiyear procurement contract for the RAM 21-round launcher. The Landing Craft Air Cushioned (LCAC) modernization program increases to two in FY 2000. Modernization includes replacement of the C4N suite and the existing buoyancy box and will extend the design service life of the LCACs to thirty years.

Several land attack warfare R&D efforts are budgeted in FY 2000, including the Extended Range Guided Munition (ERGM), the 5"/62 gun, the Advanced Gun System (AGS) and the Naval Surface Fire Support (NSFS) Integration Capability. ERGM contains an internal Global Positioning System and Inertial Navigation System that

provide state-of-the-art guidance to surface-fired munitions. FY 2000 starts Low Rate Initial Production (LRIP) of ERGM. The 5"/62 gun improves the current 5"/54 gun by lengthening the gun barrel which will allow for an increased number of deliverable munitions. The AGS will provide the next generation of surface combatants with a modular large caliber dual barrel gun system including an automated magazine handling system. The NSFS Integration Capability will use existing fire control infrastructure to serve as the nerve center for surface land attack by automating shipboard land attack battle management duties, incorporating improved land attack weapons systems and utilizing battlefield digitization.

FY 2000 will mark the completion of research and development and initial SCN contract award for one Auxiliary Dry Cargo Carrier (ADC(X)). This ship will serve as the follow-on replenishment ship for the Combat Logistics Force. This ship will provide a badly needed infusion of new technology into the aging Combat Logistics Force.

R&D funding for the Ticonderoga Class Cruiser modernization program continues, to provide selected AEGIS cruisers with Theater Ballistic Missile Defense (TBMD) capability, as well as Area Air Defense Commander capability and improved Naval Surface Fire Support performance.

Over \$35 million was added to the budget in FY 2000 to accelerate Smart Ship technology installations in surface combatants, amphibious ships and aircraft carriers. These smartship technologies include such systems as an integrated bridge system to assist in digital piloting and collision avoidance, and an integrated condition assessment system that automates condition-based maintenance for propulsion and auxiliary equipment. Implementation is critical to reducing overall life cycle cost and reducing at-sea manning requirements.

Also refer to Appendix B for more information:  
Shipbuilding and Conversion, Navy  
Weapons Procurement, Navy

Table  
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## ***Submarine Programs***

The submarine force remains the mainstay in the country's ability to covertly project power. This budget reflects continuing commitment to replace aging submarines and modernize remaining ones to ensure the viability of these critical ships. Using a teaming arrangement between General Dynamics, Electric Boat division, and Newport News Shipbuilding Company, construction of the first *Virginia* (SSN-774) class (formerly New SSN) began in 1998. The FY 2000 budget includes funding for advance procurement of materials for the third and fourth hulls of the *Virginia* class, currently planned to commence construction in FY 2001 and FY 2002.

The FY 2000 budget also reflects the Department's strong commitment to incorporating Advanced Technology into the *Virginia* class. Funding in FY 2000 continues the development of advanced technologies such as conformal sonar arrays, advanced sonar processing algorithms, electromagnetic silencing, and advanced propulsion systems. Many of these development efforts will be available for incorporation on some or all of the first four *Virginia* class hulls and will greatly enhance affordability and maintainability of future nuclear attack submarines.

To ensure strategic deterrence, the Navy will buy twelve TRIDENT II (D-5) missiles in FY 2000. The budget reflects the minimum sustaining rate for D-5 missile production and the recent departure of the United Kingdom from the joint procurement program. Funding for the Trident programs also reflects significant investments in total ownership cost reduction initiatives. Specific efforts will reduce ownership costs for fire control and navigation equipment for Trident SSBN's.

### ***Major Submarine Weapons Quantities***

	<b><i>FY 2000</i></b>	<b><i>FY 2001</i></b>	<b><i>FY 2002</i></b>	<b><i>FY 2003</i></b>	<b><i>FY 2004</i></b>	<b><i>FY 2005</i></b>
<b><i>TRIDENT II</i></b>	12	12	12	12	12	5

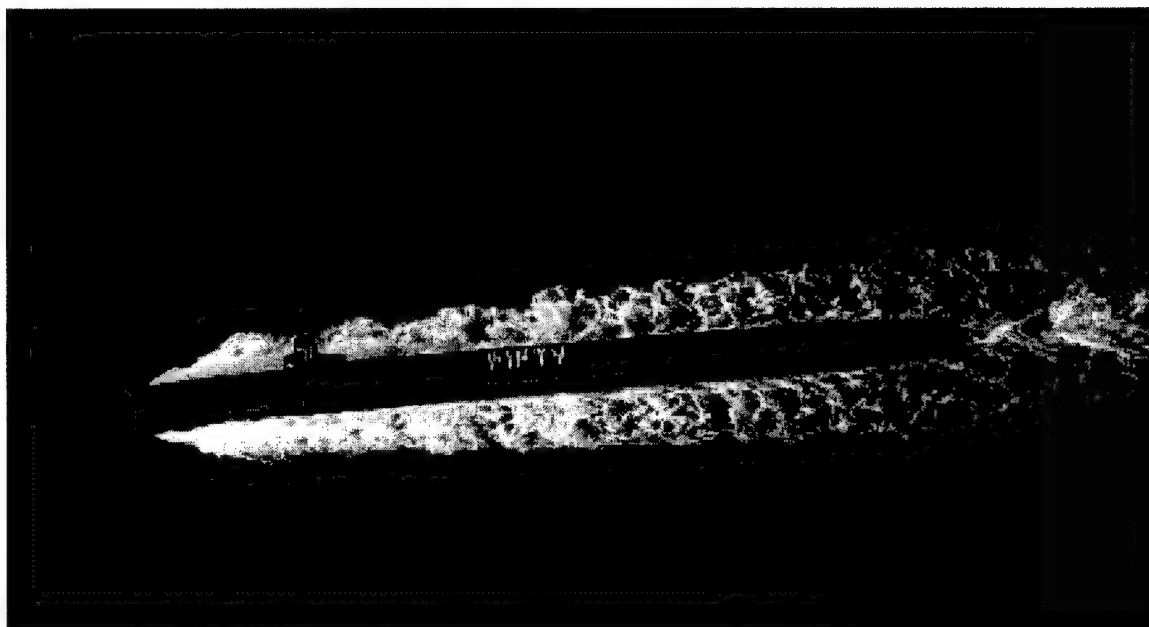
The FY 2000 budget funds needed upgrades to submarine communication suites. The budget continues the procurement of High Data Rate antennas, improved multi-function antennas, and several radio room automation improvements to increase the throughput and flexibility of submarine radio rooms. These capabilities will provide greater flexibility and increase the utility of the country's submarine assets.

Also refer to Appendix B for more information:  
Shipbuilding and Conversion, Navy  
Weapons Procurement, Navy

Table  
B-13  
B-12

## **ANTI-SUBMARINE WARFARE**

Over the FYDP, the DoN has budgeted over \$4.0B in RDT&E,N and \$8.7B in procurement for specific ASW programs. Key Science & Technology (S&T) initiatives include improving exploitation of passive acoustic broadband and narrowband information for rapid attack, improving performance of multi-static active systems, pursuing recent advancements in non-acoustic technologies such as automated radar periscope detection and discrimination, developing long-term cooperative relationships between U.S. agencies and allies, and developing concepts of operations for ASW C4ISR. AN/SQQ-89(V) modernization and other improvements to Surface Ship Sonar Systems are continuing. The FY 2000 budget continues the full rate production of towed array processing units and begins full-scale production of spherical array processing units. Installation of commercial off-the-shelf (COTS) computer technology, the Acoustic Rapid COTS Insertion (A-RCI) program, continues into submarines. These units, which provide upgraded towed array processing, are currently undergoing at-sea testing which has validated the Navy's decision to pursue the use of commercially available technology. The FY 2000 budget continues the full rate production of towed array processing units and begins full-scale production of spherical array processing units. The Department also begins procuring the TB-29 towed array in FY 2000 providing significant improvement in search and detection capability. In addition to specific ASW funding, another \$28.2B will be invested across the FYDP to procure and modernize ASW-capable, multi-mission platforms such as SSN-21, NSSN, DDG 51 Flight II, DD 21, P-3, and SH-60R.



## AVIATION PROGRAMS

The FY 2000 budget provides for procurement of 105 aircraft as part of the Department's plan to maintain qualitative superiority of the Navy and Marine Corps team into the next century. In an effort to maximize use of procurement dollars, the FY 2000 budget requests the establishment of a multiyear procurement (MYP) of the F/A-18E/F which will generate over \$700 million dollars in savings through the FYDP. Other multiyear procurement programs that continue through the FYDP include E-2C, AV-8B, and CH-60. Recapitalization of Reserve aircraft commences in FY 2000 with two additional CH-60 helicopters and one C-40A transport aircraft. Additionally, the Department has made several investments in Smart Work initiatives, which affect programs such as the V-22, H-60, S-3, and Automatic Test Equipment. These investments are expected to save labor costs, producing significant operating and support cost savings budgeted over the FYDP.

The F/A-18E/F and V-22 are the newest additions to the Navy and Marine Corps team's ability to project power from the sea. These programs will begin Full Rate Production in FY 2000 and FY 2001, respectively, upon completion of their Operational Evaluation

*... exploiting the  
Revolution in Military  
Affairs ...*

(OPEVAL). Increased funding is also budgeted for procurement of initial spares to support IOC of F/A-18E/F and MV-22. Funding in FY 2000 also supports the procurement of key elements of the helicopter master plan. Following an

anticipated FY 1999 reprogramming from CH-60 procurement to R&D to fully fund the refined cost estimate for the development program, CH-60 procurement will continue a low rate initial production (LRIP) buy in FY 2000 as part of the Army's MYP, then ramp up to full production upon completion of OPEVAL. Research and Development funding continues in FY 2000 to support the SH-60R remanufacture. Remanufacture of SH-60R commences in FY 2000 and will improve the SH-60's capability to provide battle group protection, particularly in the littoral environment. The scope of the remanufacture includes avionics upgrades as well as a Service Life Extension and standard depot level maintenance. Remanufacture of the SH-60 is also an LRIP buy. Funding in FY 2000 also supports continued research and development of the EA-6B Improved Capability (ICAP III) program which will provide the aircraft with a new selective re-active receiver with integrated communications, jamming, and connectivity capabilities. Additionally, FY 2000 R&D funds are budgeted for the 4BN/4BW program. The 4BN/4BW program will provide an improved capability to Marine Corps light/utility and attack helicopters (including items such as improved payload, common range, improved sensors, lethality and increased time on station), with FY 2000 RDT&E funds completing the assembly and fabrication of the engineering and manufacturing development aircraft. Other major R&D programs include the shared reconnaissance pod (SHARP) and active electronically scanned array (AESA) radar for the F/A-18E/F.

Joint aircraft weapons systems programs also continue to be an important component of Navy weapons systems acquisition strategy in FY 2000. Initial procurement of the T6-A JPATS begins in FY 2000. The T-6A is a commercially derived aircraft combined with a ground based training system which will provide primary and intermediate flight training to entry-level student naval aviators and naval flight officers. Additionally, funding in FY 2000 continues the development efforts and the fabrication/assembly of the special operations variant of the V-22. Joint Strike Fighter efforts in FY 2000 continue concept demonstration and technology maturation, demonstration and assessment.

Aircraft modification funding provides for safety and tactical upgrades throughout naval aviation. Specific efforts include the installation of an integrated maintenance diagnostics system (IMDS) in H-60 series helicopters, structural improvements and upgrades to the EA-6B which include a new wing center section to increase aircraft life; training equipment necessary for the SH-60B Forward Looking Infrared Radar (FLIR); F/A-18 radar upgrade and structural and safety improvements, as well as development of the Generation III Targeting Forward Looking Infrared Radar; the P-3 Service Life Assessment/ Extension Program, Anti-Surface Warfare Improvement Program efforts, Update III Common Configuration program and Sustained Readiness Program; and upgrades to tactical aircraft electronic warfare countermeasures capabilities. The installation of

**Chart 9 - Aircraft Programs**

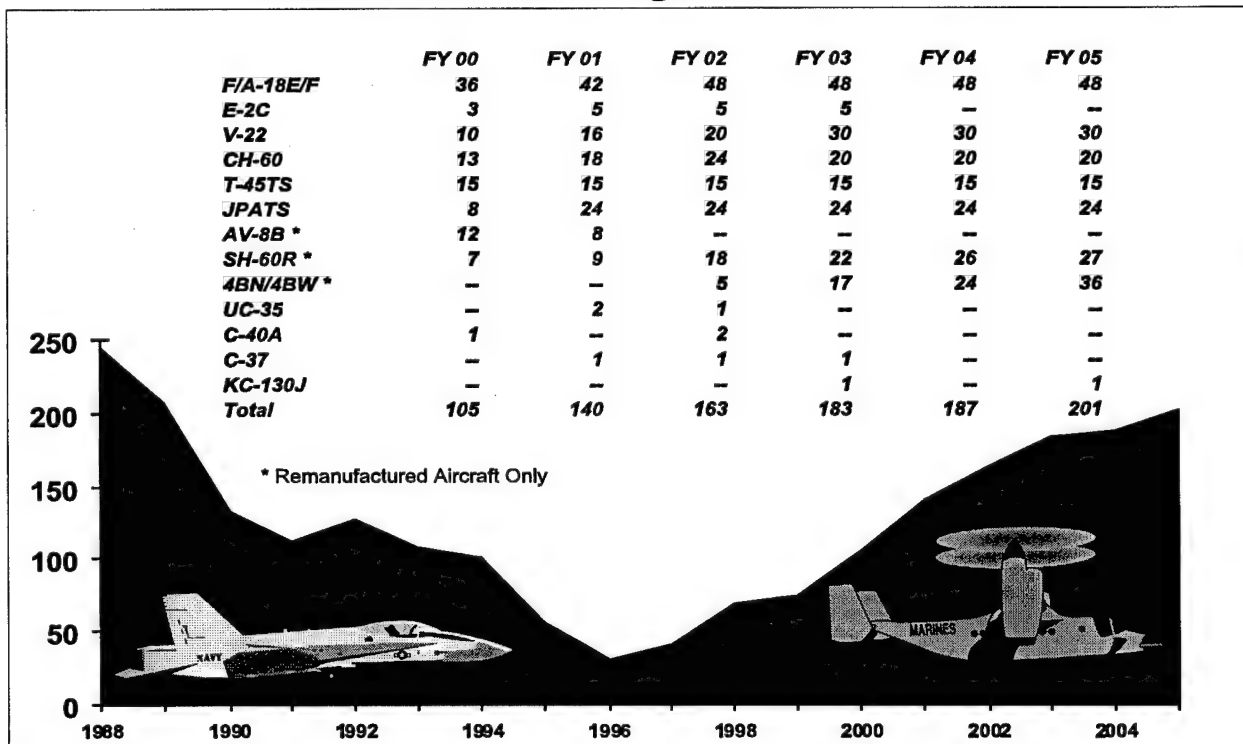


Chart 9 graphically displays the Department's new production and remanufactured aircraft programs.



IMDS in legacy aircraft is the first major step in Smart Work initiatives which will reduce ownership cost of rotary aircraft. The IMDS will provide for improved usage monitoring which will allow for more accurate maintenance and a corresponding decrease in non-revenue producing flights as well as a decrease in AVDLR requirements.

The Advanced Anti-Radiation Guided Missile (AARGM) technical demonstration program focuses on completion of control test vehicle flight testing and commences Live Fire testing. Naval Tactical Unmanned Aerial Vehicles (UAV) efforts will center on using Tactical UAV funding recently transferred from DARO. This will support Vertical Take-Off and Landing (VTOL) technology to affordably meet Navy UAV requirements including range, endurance, and full operational effectiveness from all air capable ships and small areas ashore. Also funded is a Smart Work initiative to reduce ownership costs for the SLAM/SLAM-ER/Harpoon missile test sets by decreasing maintenance.

**Major Aviation Weapons Quantities**

	<b>FY 2000</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>
<b>AMRAAM</b>	100	100	100	100	100	100
<b>JSOW</b>	615	636	748	775	785	584
<b>SLAM-ER</b>	56	38	38	38	38	38
<b>ESSM</b>	-	31	87	165	147	152
<b>AIM-9X</b>	75	125	300	300	300	300

The AIM-9X Sidewinder begins procurement in FY 2000 and will significantly improve Navy/Air Force short-range air-to-air missile capability required to counter existing foreign threats. FY 2000 is also the first year of Navy procurement of the Joint Stand-Off Weapon (JSOW) BLU-108 variant which provides the Navy/Air Force with the most advanced stand-off, anti-armor capability available through incorporation of Sensor Fused Weapons technology. JSOW Unitary Variant continues efforts in FY 2000 associated with replacing the man-in-the-loop feature with Autonomous Target Acquisition to provide the Fleet with an effective and affordable Standoff Outside Point Defense capability. FY 2000 marks the first year of Joint Direct Attack Munition (JDAM) full rate production. This munition will answer the need identified during Operation Desert Storm for a more accurate weapon delivery capability in adverse weather conditions and from medium and high altitudes.

Also refer to Appendix B for more information:  
Aircraft Procurement, Navy  
Weapons Procurement, Navy

Table  
B-11  
B-12



## ***MINE WARFARE***

Mine warfare remains a critical element of the DON's modernization program. In keeping with the Department's emphasis on organic mine warfare programs, a shift of \$7.5 million from procurement to R&D in FY 1999 is anticipated to resolve technical problems in the Remote Minehunting System (RMS) development program. R&D funding to incorporate the RMS on non SQQ-89 platforms is budgeted in FY 2000. Additionally, the FY 2000 budget includes funding to accelerate development and fielding of several next generation Organic

***Prepare now for an  
uncertain future ...***

Airborne Mine Countermeasure (AMCM) systems including the Airborne Laser Mine Detection System (ALMDS), the Airborne Mine Neutralization System (AMNS), and the Rapid Airborne Mine Clearance System (RAMICS), Advanced Deployable System (ADS) and the Shallow Water Breaching

Systems/Distributed Explosive Technology (SABRE/DET). Funding is also provided for the development of a single common console for all Organic AMCM systems. This action reflects the Navy's intent to establish a mid-term organic mine warfare capability that is fully integrated on the H-60 helicopter. Across the FYDP, the budget includes an additional \$317 million in support of expanded Mine Warfare efforts.

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## C<sup>4</sup>I PROGRAMS

The central theme shaping the budget for Navy Command, Control, Communication, Computers and Intelligence (C<sup>4</sup>I) programs is the concept of Information Technology for the 21st Century (IT-21). IT-21 will provide the common backbone for internettted communications, command, control, computers and intelligence systems. The C<sup>4</sup>I evolutionary plan revolves around four key elements: connectivity; a common tactical picture; a sensor-to-shooter emphasis; and information/command and control warfare. Increased funding in FY 2000 accelerates network connectivity efforts, installing ATM LAN and SATCOM terminals to support network centric warfare capability for deploying battle groups. Smart Work initiatives have been added to the communication and electronics items under \$5 million program, which will result in reduced production and operation and support costs.

The principal elements to provide connectivity are Asynchronous Transfer Mode (ATM) local area networks (LANs) afloat and local and regional networks ashore. These networks integrate tactical and tactical support applications afloat with connections to enhanced satellite systems and ashore networks. Funding is increased for Ship Communications Automation for procurement of LANs and the

*... qualitative superiority in  
warfighting capabilities*

Automated Digital Network System providing ship and shore and satellite connectivity; Global Command and Control System-Maritime (GCCS-M) Afloat software providing the

common tactical picture; the Naval Shore Communications providing connection to Defense Information Systems Network (DISN) through Navy Switch and Cable Plant Modernization Plan (NASCAMP); and the Information System Security Program (ISSP) providing network security.

IT-21 connectivity is critical because it provides the managed bandwidth for timely transmission of information. Increased support for Satellite Communications continues expansion of available bandwidth to the warfighter. Joint UHF MILSATCOM Network Integrated Control System will be completely procured and installed by FY 2004. Funding increases in FY 2000 for Digital Modular Radio (DMR), SHF terminals, EHF Medium Data Rate (MDR) enhancements, Challenge Athena and Global Broadcast System (GBS), which exploit multiplexing techniques, direct satellite broadcast and wideband transmission systems while capitalizing on commercial advancements.

Sensor-to-Shooter focuses on the process of putting a weapon on target. Funding continues in FY 2000 for Advanced Tactical Data Links (ATDLS) and Common High Bandwidth Data Link (CHBDL) to ensure timely transmission of surveillance, targeting, engagement, combat identification, and battle damage assessment information over IT-21 networks. Over half of the CHBDL systems will be procured by FY 2000, guaranteeing full operating capability by the end of the FYDP. ATDLS is the system for implementing compliance with the OSD direction to have 75% of all units Link-16 compatible by FY 2005.

Information Warfare/Command and Control Warfare (IW/C2W) is the integrated use of operations security, military deception, psychological operations, electronic warfare and physical destruction to deny information to, influence, degrade or destroy an adversary's C2 capabilities, while protecting friendly C2 capabilities against such actions. FY 2000 funding is increased for Outboard and Combat Directional Finder budgeted under Shipboard Cryptologic Systems, and the Information System Security Program within IT-21

Also refer to Appendix B for more information:

Other Procurement, Navy

Procurement Marine Corps

Table

B-14

B-15

## MARINE CORPS GROUND EQUIPMENT

Consistent with the Quadrennial Defense Review and the United States Marine Corps (USMC) overarching philosophy of modernization and recapitalization, the FY 2000 budget continues to focus on the development and procurement of technologies and systems that support making better Marines and winning battles. As part of the Administration's Defense Initiative, the Department has increased procurement funding in this category to a level of almost \$1.3 billion for FY 2000.

The upward trend in the pace of modernization continues through the FYDP. Several major replacement, remanufacture and modernization programs are included in this budget, such as the Medium Tactical Vehicle Replacement (MTVR) and the Assault Amphibious Vehicle (AAV) Reliability, Availability, and Maintainability /Rebuild to

***Transform forces for  
the future***

Standard (RAM/RS) program. Also, this budget provides for the accelerated procurement of High Mobility Multi-purpose Wheeled Vehicles (HMMWVA2s) that will update the current aging inventory. The FY 2000

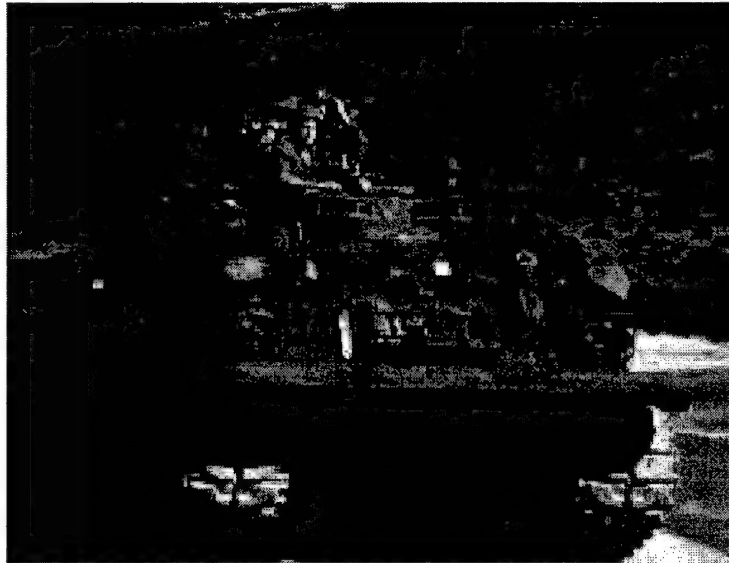
budget also funds the continuation of the AAV7A1 RAM/RS program to provide a cost-effective method to sufficiently bridge operational requirements until the Advanced Amphibious Assault Vehicle (AAAV) replaces the AAV7A1. The continued multiyear procurement of the Javelin Missile, a medium range, man-portable, anti-tank weapon to replace the Dragon system is also provided for in the FY 2000 budget.

### ***Major Marine Corps Ground Equipment***

	<b><i>FY 2000</i></b>	<b><i>FY 2001</i></b>	<b><i>FY 2002</i></b>	<b><i>FY 2003</i></b>	<b><i>FY 2004</i></b>	<b><i>FY 2005</i></b>
<i>MTVR</i>	788	1,961	1,948	1,933	--	--
<i>HMMWVA2</i>	2,078	1,267	2,352	2,297	2,398	3,455
<i>LW155</i>	--	--	70	120	170	90
<i>Javelin</i>	954	337	--	--	--	--
<i>Predator</i>	--	442	647	781	1,909	2,126

The FY 2000 budget for ammunition continues the effort to reach the Marine Corps goal of satisfying the Combat Requirement through the FYDP while meeting the annual ammunition training requirements.

Significant resources in the FY 2000 Research and Development budget are dedicated to the AAAV, which will replace the twenty year old Assault Amphibious Vehicle. Smart Work initiatives have been budgeted in the AAAV program which are designed to reduce the production and operational support costs by providing engine producability enhancements and design simplifications. Also continuing in FY 2000 is the development of the Short-Range Anti-Armor Weapon (Predator), a lightweight, disposable, main battle



tank killer. Development, prototyping and engineering efforts also continue for the Lightweight (LW) 155mm Howitzer, a replacement for the aging, operationally deficient M198 howitzer. The LW155 will provide fire support with increased mobility, survivability, deployability and sustainability in an expeditionary environment.

The FY 2000 RDT&E budget continues to finance the Marine Corps led experimentation with future tactics, concepts and innovations involving both Marine and Navy forces. The Marine Corps Warfighting Laboratory is the centerpiece for operational reform in the Corps, investigating new and potential technologies and evaluating their impact on how the Marine Corps organizes, equips and trains to fight in the future. Additionally, as the DoD Executive Agent for Non-lethal Weapons (NLW), the budget continues to finance NLW research and development. In FY 2000, increased efforts have been budgeted in exploring acoustics as an anti-personnel NLW system with an overall objective of producing a non-lethal, tunable, incapacitating high power acoustic weapons system.

Also refer to Appendix B for more information:  
Procurement, Marine Corps  
Procurement of Ammunition, Navy and Marine Corps

Table  
B-15  
B-16

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## RESEARCH AND DEVELOPMENT SUPPORT

The Department's Science and Technology program sustains U.S. Naval superiority by providing new concepts and technological options and the means to exploit scientific breakthroughs. The program supports high risk, high payoff technologies that could significantly improve the warfighting capabilities of naval forces not currently under development or deployed in the Fleet and Fleet Marine Forces. Science and Technology funding in FY 2000 generally remains at the FY 1999 President's Budget level.

The Basic Research program seeks to increase knowledge and understanding across the full spectrum of long-term Department of the Navy needs. Research is conducted to ensure that both cutting-edge scientific discoveries and the general store of scientific knowledge are optimally used to develop superior naval equipment, strategies, and tactics. The FY 2000 budget increases Basic Research funding by 2.3 percent, excluding inflation, over the FY 1999 President's Budget level. While a portion of these funds support in-house efforts, the majority support university and other researchers in the areas of ocean sciences, advanced materials, and information systems.

*... exploiting the  
Revolution in Military  
Affairs ...*

Applied Research and Advanced Technology Development efforts include initiatives focused toward the solution of specific naval problems, short of major development projects. Technology demonstrations reflect the naval focus to transition near-term, risk-reducing and emerging technologies to operational Fleet units faster and at less total cost than traditional development programs. Special focus areas for FY 2000 Applied Research include: Extending the Littoral Battlespace; use of unmanned underwater vehicles (UUVs) for explosive ordnance detection; and oceanographic influences on mine countermeasure systems.

Advanced Technology Development programs focus on demonstrating technologies in those same key Naval technology areas, as well as manpower and medical applications. The majority of these funds are spent on actual pilot projects and test beds which demonstrate advanced technology capabilities applicable to meeting requirements. Such efforts include demonstrating: new ship propulsion systems, advanced weapons technologies, cutting edge technology for aircraft and weapons integration, logistics deployment techniques and technologies, state-of-the art mine and expeditionary warfare technologies such as those developed at the Marine Corps Warfighting Laboratory, and advanced battlefield casualty assessment and treatments. Particular areas of focus in FY 2000 for Advanced Technology include: automation to reduce manning for future ships; Cruise Missile Defense; Marine Corps expansion of warfighting

experimentation; and development and demonstration of mine warfare technology. If successful, these demonstrations will transition into full scale development programs or directly into the Fleet if no further development is required.

RDT&E Management Support provides funding for installations required for general research and development use. These efforts include the test and evaluation support programs required to operate the Navy's test range sites, R&D aircraft and ship funding, and threat simulator development efforts. This funding level reflects required R&D infrastructure support commensurate with overall Navy force structure and facilities and management consolidations. Seventy-five percent of this funding, or about \$487 million in FY 2000, supports the Major Range and Test Facilities Base (MRTFB), necessary to conduct independent test and evaluation assessments for all Navy ship, submarine, aircraft, weapons, combat systems and other development, acquisition and operational system improvements. Increases over the FY 1999 level are required to support major modernization of test range radars and instrumentation, and avionics instrumentation systems at the sea and land test ranges to support testing of upcoming major development programs such as the Joint Strike Fighter, SLAM-ER, and the F/A-18 Integrated Defensive Electronic Countermeasure (IDECM) System.

The remaining categories of research are platform-related and have been discussed as applicable in the previous sections. Table 13 provides summary data for the major DON Research, Development, Test and Evaluation, efforts.

**Table 13**  
**Department of the Navy**  
**Research, Development, Test and Evaluation**  
*(In Millions of Dollars)*

<b>Significant RDT&amp;EN Areas</b>	<b>FY 1998</b>	<b>FY 1999</b>	<b>FY 2000</b>
<i>Operational Systems Development</i>	1,517.4	1,932.4	1,877.5
<i>Science and Technology</i>	1,317.4	1,521.5	1,420.0
<i>Basic Research</i>	(331.4)	(361.5)	(376.7)
<i>Applied Research</i>	(467.4)	(566.8)	(523.8)
<i>Advanced Technology Development (ATD)</i>	(518.6)	(593.2)	(519.5)
<i>RDT&amp;E Management Support</i>	677.6	598.7	646.5
<i>Joint Experimentation</i>	0	15.9	42.4
 <b>Major Platform Efforts:</b>			
<i>F/A-18</i>	288.7	302.0	315.7
<i>New Attack Submarine</i>	382.3	311.1	280.6
<i>Joint Strike Fighter</i>	448.2	468.5	241.2
<i>C4I</i>	238.5	314.3	254.9
<i>CVX</i>	15.0	104.4	205.5
<i>V-22</i>	487.6	345.8	182.9
<i>4BN/4BW</i>	81.3	120.3	157.7
<i>TOMAHAWK</i>	107.0	165.7	147.2
<i>DD-21</i>	58.5	126.0	162.1
<i>Cooperative Engagement Capability</i>	200.5	200.6	114.9

Also refer to Appendix B for more information:  
 Research, Development, Test and Evaluation, Navy

Table  
 B-17



## SECTION IV - INFRASTRUCTURE

The Department of the Navy is actively pursuing initiatives such as shore facility regionalization, competitive sourcing and privatization. All of these efforts are focused on improving the efficiency and performance of the support infrastructure.

### BASE REALIGNMENT AND CLOSURE II, III & IV

The BRAC process has been a major tool for reducing the domestic base structure and generating savings. The BRAC program remains

*Streamline the DOD  
Infrastructure ...*

on schedule for all closures and realignments. Continuing to balance the Department's force and base structures by eliminating unnecessary infrastructure is critical to preserving future readiness. The Department of

the Navy supports the need for additional base closures.

**BRAC II** - The 36 bases covered by BRAC II completed operational closure or realignment by the end of FY 1998. With the completion of these closures, the majority of funding in the FY 2000 budget supports critical environmental restoration efforts at Naval Stations Long

**Chart 10 - Base Realignment and Closure**

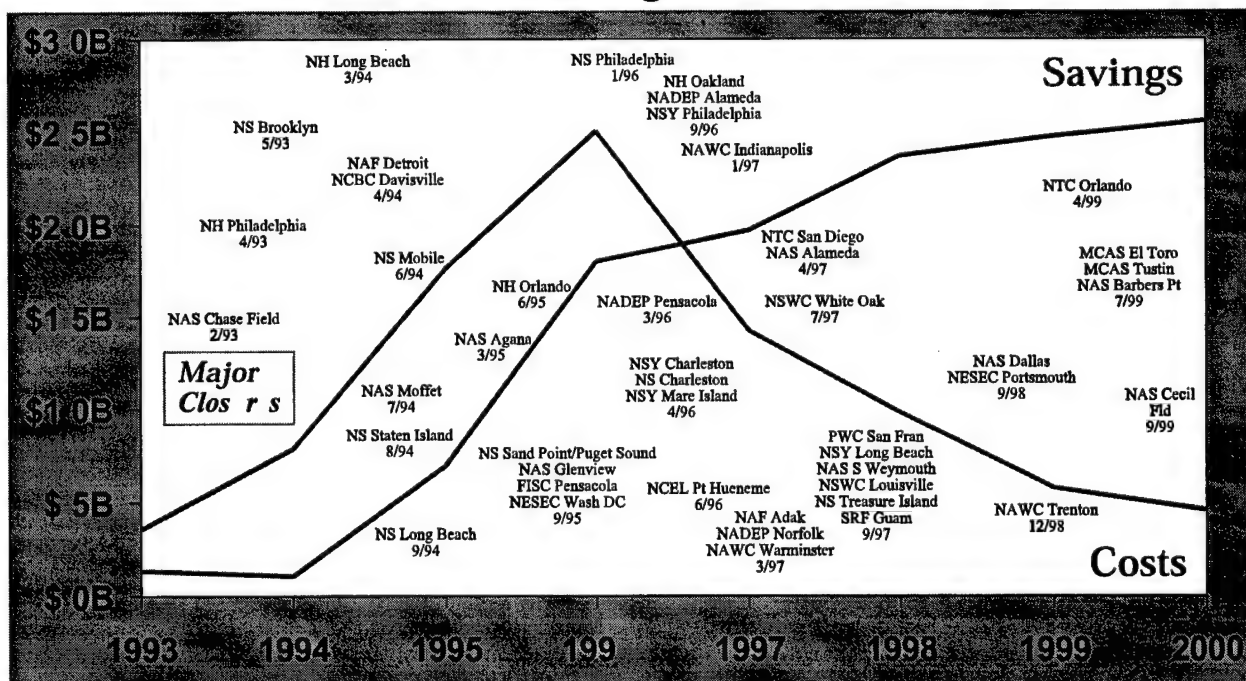


Chart 10 portrays BRAC savings and BRAC Costs. FY 1997 reflects the first positive return on BRAC Investments with savings exceeding costs, the trend continues with estimated steady state savings of \$2.6B in FY 2000 and out.

Beach and Treasure Island, Naval Air Station Moffett Field, and Naval Construction Battalion Center, Davisville related to BRAC IV.

**BRAC III** - Base Closure and Realignment III costs reflect the closure or realignment of 91 naval facilities. The Department is committed to make closing facilities available to community reuse groups as fast as possible. Of the 91 naval bases and facilities addressed under BRAC III, the final 6 will complete operational closure or realignment in FY 1999.

**BRAC IV** - The BRAC IV budget was developed to achieve cost savings at maximum speed while minimizing disruption to Navy operations. The 44 bases and facilities included in BRAC IV will complete operational closure or realignment by the end of FY 2001. Of the 44 BRAC IV actions, five remain to be concluded. Three minor closures and one realignment will complete in FY 2000. FY 2001 concludes BRAC IV with the realignment of Commander Naval Sea Systems Command headquarters. BRAC IV savings include avoidance of previously anticipated BRAC III costs and savings from operational closures. The FY 2000 budget includes cleanup costs for Alameda Annex, NAS Key West, and NAF Adak.

Appendix Table B-22 reflects anticipated costs for Base Closure II, III and IV. A summary of these costs and savings are shown in the same table.

## MILITARY CONSTRUCTION

The FY 2000 Military Construction budget request of \$319.8 million finances 68 military construction projects for the active Navy and Marine Corps, and 3 projects for the Navy and Marine Corps Reserves for which the total construction cost is \$886.9 million. These 71 projects will utilize advance appropriations with the balance of the required funding becoming available in FY 2001. The use of advance appropriations allows for the financing of critical Department of the Navy readiness programs and additional military construction projects in support of readiness, safety and enhanced quality of life for Sailors and Marines. Using the advanced appropriations concept allows us to

**21st century  
infrastructure**

budget for only the amount planned to be spent in FY 2000 with the balance budgeted in FY 2001. This one-time action permitted the Department of Defense to realign \$3.1 billion to readiness and personnel needs in FY 2000, while

still initiating all planned construction projects envisioned under normal funding conventions plus 14 additional DON projects in FY 2000. All funds to complete the FY 2000 projects and all new FY 2001 projects are fully funded in FY 2001.

Further, the FY 2000 budget request annualizes the costs of Supervision, Inspection and Overhead (SIOH) as related to the construction of military projects. This approach for the financing of SIOH costs in consonance with the actual expenditure of these funds allows for the one-time application of associated savings to priority Navy and Marine Corps requirements.

The FY 2000 Military Construction and Family Housing programs benefited from the availability of assets resulting from the advance appropriation by the addition of projects to include new bachelor enlisted quarters at the Naval Training Center, Great Lakes IL; Security Force barracks in Southwest Asia; and the Staff Non-Commissioned Officer's Academy at Camp Pendleton. In addition, quality of life projects for Sailors and Marines such as a child development center and family housing improvements were added. Other military construction program enhancements include projects to support security in Southwest Asia; funds to replace a critically deteriorated pier at Naval Station, Norfolk VA; and projects needed to improve readiness and training. Additional Family Housing resources finance improvement projects at Marine Corps Base Camp Pendleton and Marine Corps Air Station, Yuma, Arizona.

Table 14 displays Military Construction, Navy funding.

**Table 14**

**Department of the Navy**  
**Military and Family Housing Construction**  
(Dollars in Millions)

	FY 1999		FY 2000		FY 2001		Total
	Qty	\$	Qty	\$	Qty	\$	\$
<b>Military Construction, Navy</b>							
FY 1999 Program	75	610.5		-		-	610.5
FY 2000 Program		-	68	319.8		496.6	816.4
FY 2001 Program		-		-	58	689.8	689.8
<b>Military Construction, Navy and Marine Corps Reserve</b>							
FY 1999 Program	8	31.6		-		-	31.6
FY 2000 Program		-	3	4.9		10.0	14.9
FY 2001 Program		-			6	20.0	20.0
<b>Family Housing Construction, Navy and Marine Corps</b>							
FY 1999 Program		301.6					301.6
FY 2000 Program				64.6		170.4	235.0
FY 2001 Program						191.0	191.0

## REAL PROPERTY MAINTENANCE

Real Property Maintenance (RPM) funds repairs, preventive and recurring maintenance, and minor construction of the Navy's shore infrastructure. One indicator measuring the impact of RPM funding is the backlog of maintenance and repair (BMAR), estimated to be \$3.3 billion Department wide in FY 2000. This budget provides funds to slow the growth in BMAR with an emphasis on aviation and waterfront operational facilities. Included within the RPM budget is \$36.5 million for the demolition of excess facilities. Defense Reform Initiative Directive (DRID) #36 sets a target for the Navy to demolish 9.9 million square feet in excess facilities by the end of FY 2002. In the FY 2000 budget, a portion of RPM funds intended for facilities affecting the quality of life of Navy personnel has been transferred to the two year Quality of Life Enhancements, Defense (QOLE,D) appropriation. \$643.3 million of Department RPM funds are budgeted in this account in FY 2000 to give it special emphasis and to encourage more management flexibility of the funds by giving them a two-year life.

**Table 15**  
**Department of the Navy**  
**Real Property Maintenance**  
**(In Millions of Dollars)**

	<b>FY 1998</b>	<b>FY 1999</b>	<b>FY 2000</b>
O&M, Navy and Reserve	\$900.7	\$961.0	\$562.5
O&M, Marine Corps	359.6	372.8	300.8
	<b>\$1,260.3</b>	<b>\$1,333.5</b>	<b>\$863.2</b>
QOLE,D (Navy)	70.0	133.4	522.2
QOLE,D (Marine Corps)	45.0	34.6	121.1
	<b>\$115.0</b>	<b>\$168.0</b>	<b>\$643.3</b>
<b>Total RPM</b>	<b>\$1,375.3</b>	<b>\$1,501.5</b>	<b>\$1,506.5</b>
<b>Backlog of Maintenance and Repair (BMAR)</b>			
OMN	\$2,234.9	\$2,328.0	\$2,467.7
OMNR	116.5	130.1	120.2
OMMC	689.9	710.5	717.7
OMMCR	9.0	9.5	9.7
<b>Total BMAR</b>	<b>\$3,050.2</b>	<b>\$3,178.1</b>	<b>\$3,315.3</b>

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## NAVY WORKING CAPITAL FUND (NWCF)

Total FY 2000 cost of goods and services to be sold by the NWCF is approximately \$19 billion. The Department of the Navy has made great strides in stabilizing the NWCF. Even after recovery of losses through FY 2000 rates, cost reduction initiatives and mission realignments have kept overall rate increases about level with inflation. Beginning in FY 2000, rates will no longer include a surcharge factor for cash since the NWCF is projected to have achieved the necessary cash corpus to meet its operating and capital outlay requirements by the end of FY 1999 without any advance billing liability. Also, FY 2000 Navy Supply rates will no longer include a surcharge to fund the Defense Reutilization and Marketing Service (DRMS) since the benefits of DRMS are not actually tied to the Supply function but are experienced DON wide. These costs, totaling \$31 million in FY 2000, will be offset by revenue generated through National Defense Stockpile receipts.

The FY 2000 NWCF budget includes significant improvements designed to allow the NWCF to focus on its core mission functions while performing at ever more efficient levels. An example of these improvements is the implementation of Installation Claimant Consolidation (ICC) at NWCF host activities. ICC involves the transfer of non-mission Base Operating Support (BOS) functions from NWCF activities to the Navy's regional base providers (primarily

*... pursuing business practice reforms*

Commanders-In-Chief, Atlantic and Pacific Fleets, and Commander, Naval Education & Training). These transfers will relieve NWCF host activities of the responsibilities

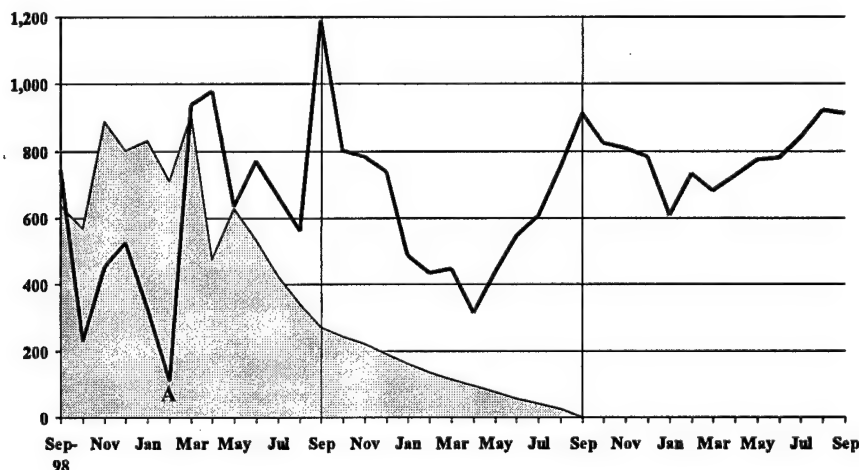
of managing base and regional infrastructure. However, NWCF activities will continue to pay the costs of those BOS services that are attributable to their mission functions through reimbursements to the regional base providers. ICC transfers will take place over two years, FY 1999 and FY 2000, and are being phased-in to ensure the transfer will not cause NWCF operating losses. Another initiative that significantly affects the NWCF is Competitive Sourcing. Beginning in FY 2000, various activity groups will achieve savings in cost of operations through competition of functions that are currently being performed by government personnel.

Another improvement is expanding the use of tailored rates. Tailored rates enable the NWCF to charge customers more accurately for the true costs of their choices (in terms of types and quantities of services or goods ordered). For example, Naval Aviation Depots will separately charge customers for material costs. This initiative is designed to minimize execution anomalies that may occur when customers change their operating requirements during execution, to charge customers for the costs they drive and to incentivize customers to work with NWCF activities to lower total costs of products and services. The

rate structure change at the Naval Aviation Depots will also bring them into line with the current practice at the Naval Shipyards.

Other highlights of the FY 2000 NWCF budget include the continuation of efforts to transition the Ordnance activity group (Weapons Support Facilities) to its core functions of ordnance handling and management as well as the transfer of these activities to a more appropriate funding mechanism. Consistent with the FY 1999 President's Budget, responsibility for East Coast base management was transferred to the Atlantic Fleet in FY 1998. In the current budget, the Weapons Support Facilities transfer to Fleet ownership by the end of FY 1999 with associated mission funding commencing in FY 2000. This is seen as essential to the goal of improving the responsiveness of these activities to the needs of the Navy's and other Services' warfighters and is a logical step in the integration of the ordnance functions into the Fleets' infrastructure to create greater opportunities for efficiency. The Naval Ordnance Center Headquarters, which includes inventory management and safety functions, was previously transferred to mission funding in the FY 1999 President's Budget.

**Chart 11 - FY 1999/2000 NWCF Cash Forecast**



Consistent with the FY 1999 President's Budget, the Pearl Harbor Naval Shipyard became mission funded effective 1 October 1998 as part of a test pilot project which combines the Pearl Harbor Intermediate Maintenance Facility (IMF) with the Naval Shipyard. The Shipyard was previously a Navy Working Capital Fund (NWCF) activity while the IMF was a mission funded activity. This consolidation of regional ship maintenance activities is designed to reduce infrastructure and maintenance costs while ensuring that Sailors are adequately trained for battle force maintenance.

Other NWCF activity groups continue to experience and/or foresee reductions in workload and have incorporated that phenomenon into their budget projections. In particular, activities like the Shipyards,

Naval Air Warfare Centers, Public Works Centers and Marine Corps Depots are planning reductions in staffing and costs in order to size themselves to budgeted declines in workload. The NWCF capital program reflects some emergent costs for the implementation of new financial systems at Research & Development activities, Public Works Centers and Military Sealift Command. Due to the urgency of these requirements and the relatively small size of the overall capital program, the total FY 1999 capital authority requirement has risen slightly above that included in the FY 1999 President's Budget. The FY 2000 capital program at the Shipyards includes costs related to the settlement of a dispute with the manufacturer of several cranes that were delivered in prior years.

**Table 16**  
**SUMMARY OF NWCF COSTS**  
(In Millions of Dollars)

	FY 1998	FY 1999	FY 2000
<b>COST</b>			
Supply (obligations)	5,842.1	5,882.9	5,681.5
Depot Maintenance - Aircraft	1,457.1	1,599.5	1,660.5
Depot Maintenance - Ships	2,475.5	1,932.4	1,754.3
Depot Maintenance - Marine Corps	214.3	163.9	156.6
Ordnance	430.9	216.4	65.0
Transportation	1,211.1	1,205.1	1,245.1
Research and Development	6,934.9	6,901.5	6,647.0
Information Services	237.1	213.6	208.8
Base Support	1,864.1	1,863.7	1,787.9
<b>TOTAL</b>	<b>\$20,667.1</b>	<b>\$19,979.0</b>	<b>\$19,206.7</b>
<b>CAPITAL INVESTMENT</b>			
Supply Operations	42.2	30.1	34.7
Depot Maintenance - Aircraft	29.6	48.5	29.6
Depot Maintenance - Ships	46.0	39.3	65.3
Depot Maintenance - Marine Corps	1.3	5.2	2.9
Ordnance	2.8	3.3	0.0
Transportation	1.2	2.9	12.6
Research and Development	111.6	121.8	123.6
Information Services	0.5	1.4	0.8
Base Support	18.8	19.9	22.7
<b>TOTAL</b>	<b>\$254.0</b>	<b>\$272.4</b>	<b>\$292.2</b>

**Defense Working Capital Funds Net Operating Results (\$M)**

	FY 1998	FY 1999	FY 2000
<b>Selected Business Areas</b>			
Supply Management	-\$26.3	\$65.9	\$42.7
Aviation Depot Management	-\$18.5	-\$13.8	\$1.2
Shipyard Management	\$83.4	\$4.0	-\$2.6



## CIVILIAN PERSONNEL

The Department of the Navy budget includes the following civilian end strength and workyear estimates:

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>
<i>End Strength</i>	207,601	204,792	198,188
<i>FTE Workyears</i>	210,492	206,914	199,489

Civilian Personnel levels in the Department are at the lowest level since before World War II. The budget reflects the continued downward trend of the civilian work force as a result of reductions in force structure, decreasing workload, management efficiency, and competitive sourcing.

Forty-six percent of the Department's civilians work at Navy Working Capital Fund (NWCF) activities supporting depot level maintenance and repair of ships, aircraft, and associated equipment, development of enhanced warfighting capabilities at the Warfare Centers of Excellence, and direct fleet transportation, supply, and public works support. A significant number of the civilians funded directly by operations appropriations provide direct fleet support at Navy and Marine Corps bases and stations. The balance provide essential support in functions such as training, medical care, and the engineering, development, and acquisition of weapons systems, all of

**Chart 12 - Civilian Personnel**

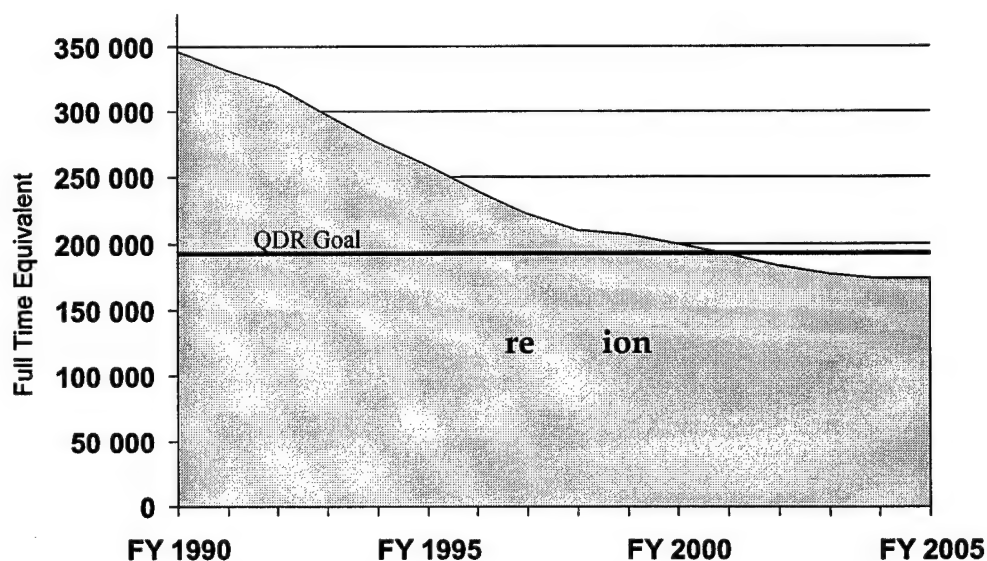


Chart 12 graphically displays Civilian Personnel Full time equivalent reductions from FY 1990 through FY 2005 in consonance with Departmental downsizing and efficiencies.

which are necessary for long-range readiness, including achieving recapitalization plans.

The Department's budget projects continued downsizing of the civilian workforce through FY 2005, reflecting a significant decline in workload at NWCF activities. Growth in Fleet Activities is the result of the Installation Claimant Consolidation initiative which is designed to reduce the cost of operating Navy Shore establishments while ensuring major commands retain control of their core missions. Civilian workyears are based on workload in the Department's FY 1999 and FY 2000 program and the appropriate mix of civilian and contractor workload accomplishment. If workload does not decline as much as projected, the associated workforce will not be reduced as much as currently projected.

The Department's force structure was reduced in the Quadrennial Defense Review (QDR) to reflect improvements in operational concepts and organizational arrangements. These reductions along with ongoing efforts, such as competition, outsourcing, regionalization, and business process re-engineering, enabled the DON to further reduce the infrastructure and the related civilian workforce. The Department's budget achieves by FY 2003 the QDR goal to reduce civilian personnel by 8,800.

A summary display of total Civilian Personnel resources is provided as Table 17.

**Table 17**  
**Department of the Navy**  
**Civilian Manpower**  
**Full-time Equivalent**

	<b>FY 1998</b>	<b>FY 1999</b>	<b>FY 2000</b>
<b>Total — Department of the Navy</b>	<b>210,492</b>	<b>206,914</b>	<b>199,489</b>
<b><u>By Service</u></b>			
Navy	191,988	188,899	181,864
Marine Corps	18,504	18,015	17,625
<b><u>By Type Of Hire</u></b>			
Direct	199,351	196,059	188,711
Indirect Hire, Foreign National	11,141	10,855	10,778
<b><u>By Appropriation</u></b>			
Operation and Maintenance, Navy	82,751	85,647	86,036
Operation and Maintenance, Navy Reserve	2,257	2,049	1,925
Operation and Maintenance, Marine Corps	16,548	16,267	15,864
Operation and Maintenance, Marine Corps Reserve	155	162	160
<b>Total — Operation and Maintenance</b>	<b>101,711</b>	<b>104,125</b>	<b>103,985</b>
<b>Total — Working Capital Funds</b>	<b>104,071</b>	<b>98,307</b>	<b>91,900</b>
Military Construction, Navy	2,886	2,721	*2,154
Research, Development, Test & Evaluation, Navy	1,762	1,709	**1,398
Military Assistance	62	52	52
<b>Total — Other</b>	<b>4,710</b>	<b>4,482</b>	<b>3,604</b>
<b><u>Special Interest Areas</u></b>			
Fleet Activities	29,935	33,457	34,420
Shipyards	21,567	18,135	16,050
Aviation Depots	11,619	11,762	11,423
Supply/Distribution/Logistics Centers	7,415	7,114	6,664
Warfare Centers	37,089	36,496	35,288
Engineering/Acquisition Commands	19,873	19,266	18,887
Medical	10,883	11,033	10,740

\* Reduction in MCON FTE has been previously reported and is workload driven.

\*\*This is a programmatic reduction due to the transfer of Navy Management Activity funded FTE from RD TEN to OMN.

## COMPETITIVE SOURCING

The Department of the Navy's FY 2000 budget fully supports the goal of the Secretary of Defense to maximize Competitive Sourcing as a tool to realize savings for modernization and recapitalization. To this end, the DON has undertaken an aggressive Competitive Sourcing program and is committed to review all commercial activities for competition. Recent studies have identified nearly \$4 billion annually spent on activities that might be performed more economically by the private sector, or more efficiently in-house.

The budget includes significant savings from planned Competitive Sourcing initiatives. These savings attest to DON commitment to institutionalize the A-76 process to realize reductions in infrastructure costs. Budget estimates reflect DON competition savings over \$5.3 billion across the Defense program. Table 18 provides savings estimates by fiscal year attributable to competition. Planned workforce reductions are commensurate with projected cost savings displayed in the budget.

**Table 18**  
**Department of the Navy**  
**Planned savings due to competitive sourcing**  
*(In Millions of Dollars)*

	<b>FY 2000</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>
<i>Navy</i>	85	197	625	1,001	1,479	1,642
<i>Marine Corps</i>	-	17	53	88	105	105
<b>Total</b>	<b>\$85</b>	<b>\$214</b>	<b>\$678</b>	<b>\$1,089</b>	<b>\$1,584</b>	<b>\$1,747</b>

<b>Public-Private Sector Competitions</b>	<b>FY 1998</b>	<b>FY 1999</b>	<b>FY 2000</b>
<i>Number of positions subject to A-76 Studies</i>			
<i>Navy</i>	5,548	20,000	22,589
<i>Marine Corps</i>	-	1,700	1,800

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## SECTION V

### FINANCIAL SUMMARY

Total Obligational Authority (TOA) has been used throughout this book to express the amounts in the Department of the Navy budget because it is the most accurate reflection of program value. While TOA amounts differ only slightly from Budget Authority (BA) in some cases, they can differ substantially in others. The differences in TOA and BA, as evidenced in the table below, result from a combination of several factors.

#### TOA vs BA

(In Millions of Dollars)

	FY 1998	FY 1999	FY 2000
Receipts and Other Funds	-1,331.4	-205.9	-205.9
Financing Adjustments	45.7	-249.3	-5.0
Expiring Balances	(146.6)	(0)	(0)
Other Finance Adjustments	(-100.9)	(-249.3)	(-5.0)
<b>Total</b>	<b>-1,285.7</b>	<b>-455.2</b>	<b>-210.9</b>

**Receipts and Other Funds** are reflected in BA but not in TOA. Offsetting Receipts include such things as donations to the Navy and Marine Corps, recoveries from foreign military sales, deposits for survivor annuity benefits, interest on loans and investments, rents and utilities, and fees chargeable under the Freedom of Information Act. Trust Funds include funds established for the Navy General Gift Fund, Office of Naval Records and History Fund, Naval Academy General Gift Fund, environmental restoration of Kaho'olawe Island in Hawaii, Ship Store Profits, Midshipman Store, the Naval Academy Museum Fund and the Roosmoor Liquidating Trust Settlement Account.

**Financing Adjustments** account for many of the differences between TOA and BA. Generally, funding changes are scored as budget authority adjustments in the fiscal year in which the change itself is effective; for TOA purposes, changes are reflected as adjustments to a specific program year, based on the original appropriation. Reappropriations and rescissions involving prior year programs and transfers to prior year programs are all examples of financing

adjustments reflected against different fiscal periods as BA and TOA. Revolving fund and foreign currency transfers are other examples of financing adjustments which count differently in TOA and BA.

**Expiring Balances** also contribute to the difference between TOA and BA. Expiring balances are funds which were included in BA available for FY 1998 annual accounts (Personnel and Operation and Maintenance), but were not obligated prior to the end of the fiscal year. These amounts are included in BA totals but not TOA.

The TOA and BA levels for FY 1998 through FY 2000 along with DON outlay estimates, are summarized in Table 19.

**Department of the Navy**  
**Summary of Direct Budget Plan (T**  
**(Dollars in Million)      otal Obligational Authority**

T

**Account**

MPN	16,686.2	16,601.3	17,207.5	16,700.3	16,601.3	17,207.5	16,482.3	16,888.9	17,494.9
MPMC	6,026.3	6,216.2	6,544.7	6,071.2	6,216.2	6,544.7	5,976.9	6,253.0	6,736.3
RPN	1,392.0	1,439.1	1,446.3	1,394.0	1,439.1	1,446.3	1,282.7	1,443.0	1,427.3
RPMC	389.9	406.6	409.2	394.7	406.6	409.2	373.9	406.5	406.1
O&M,N	22,354.8	21,863.5	22,238.7	22,423.8	21,863.3	22,238.7	21,633.2	22,291.6	20,920.6
O&M,MC	2,466.3	2,591.0	2,558.9	2,466.3	2,591.0	2,558.9	2,362.0	2,525.0	2,520.3
O&M,NR	918.6	959.5	917.6	924.0	959.5	917.6	852.1	959.6	923.1
O&M,MCR	116.4	119.0	123.3	116.4	119.0	123.3	106.8	123.1	117.8
ERN	—	273.6	284.0	—	273.6	284.0	—	60.2	185.6
Payment to Kaho'olawe	35.1	25.0	15.0	35.0	25.0	15.0	35.2	47.2	15.0
APN	6,588.2	7,506.4	8,228.7	6,559.0	7,506.4	8,228.7	5,845.3	6,600.0	7,126.2
WPN	1,053.7	1,184.7	1,357.4	1,054.7	1,182.7	1,357.4	1,794.6	1,384.7	1,216.6
SCN	8,006.8	6,017.8	6,678.5	7,949.6	5,917.3	6,678.5	6,780.5	7,295.5	5,963.5
OPN	3,007.6	4,008.9	4,100.1	3,028.4	3,980.4	4,100.1	2,961.4	3,503.9	3,641.8
PMC	475.9	856.5	1,137.2	473.5	856.5	1,137.2	616.8	556.4	753.0
PANMC	375.9	483.2	484.9	388.0	470.6	484.9	226.3	411.2	410.9
RDT&E,N	7,887.8	8,660.8	7,984.0	7,846.0	8,640.3	7,984.0	7,836.7	8,449.8	8,011.0
<del>NDP</del> DOD Bill	1,070.6	679.6	354.7	1,070.6	594.6	354.7	1,514.0	842.4	860.9
Oth Rev & Mgt Fnd	—	2.1	—	5.2	2.1	—	-381.5	60.5	-139.5
T									
MCON	678.1	610.5	319.8	678.1	610.5	319.8	754.7	673.1	608.0
MCNR	47.3	31.6	4.9	47.3	31.6	4.9	30.0	41.5	35.8
FH(Con)	391.8	301.6	64.6	391.8	301.6	64.6	409.2	451.2	349.5
FH(Con)ILCON Bill	986.5	922.9	895.1	983.5	922.9	895.1	1,016.5	936.6	909.6
BRC	979.5	574.7	197.8	979.5	574.7	192.8	887.2	1,019.3	586.5
T									

**Residuals and Other Funds**

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## APPENDIX A

### GOVERNMENT PERFORMANCE AND RESULTS ACT (GPRA)

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**Table A-1**

#### **Department of Defense Goals**

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The Government Performance and Results Act (GPRA) (P.L. 103-62) of 1993 requires federal agencies (e.g. Department of Defense (DoD)) to submit a comprehensive agency strategic plan which identifies major goals and objectives. The Quadrennial Defense Review (QDR) of May 1997 serves as the DOD strategic plan. The FY 1999 performance plan was developed and submitted to Congress in February 1998 via the *Annual Report to the President and Congress*. As required by GPRA, the FY 1999 performance report will be submitted to Congress in March 2000 as an appendix to the Annual Report. For FY 2000, DoD has regrouped the original six goals down to two corporate goals of "Shape and Respond" and "Prepare". These goals remain consistent with the QDR strategy.

Within the Department of the Navy, GPRA has been implemented through the Planning, Programming, and Budgeting System (PPBS). PPBS accommodates the goals of performance planning across the broad spectrum of DON missions. The information below provides page references to performance information contained in this document and in budget justification materials supporting the FY 2000 President's Budget

#### **Goal 1: Shape the International Environment and respond to the full spectrum of crises by providing appropriately sized, positioned, and mobile forces.**

- ◆ 1.1 Support U.S. regional security alliances through military-to-military contacts and the routine presence of ready forces overseas, maintained at force levels determined by the QDR.
  - Naval Overseas Presence . . . . . 2-1, 2-2, 3-2
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- ◆ 1.2 Maintain ready forces and ensure they have the training necessary to provide the United States with the ability to shape the international environment and respond to the full range of crises
  - Naval Force Levels . . . . . 2-3, 2-5, 2-7, 2-9, 2-10
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  - Table 7b-Reserve Engines Backlogged . . . . . 2-13
- ◆ 1.3 Maintain sufficient airlift and sealift capability to move military forces from the United States to any location in the world.
  - Surge Sealift Capacity . . . . . 2-7
  - Table 3-Surge Sealift Capacity . . . . . 2-7
  - Table 3-Total Sealift Capacity. . . . . 2-7

**Goal 2: Prepare now for an uncertain future by pursuing a focused modernization effort that maintains U.S. Qualitative superiority in key warfighting capabilities. Transform the force by exploiting the Revolution in Military Affairs, and reengineer the Department to achieve a 21<sup>st</sup> century infrastructure.**

- ◆ 2.1 Recruit, retain, and develop personnel to maintain a highly skilled and motivated force capable of meeting tomorrow's challenges
  - Enlisted Recruiting . . . . . 2-17, 2-18, 2-19
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  - Active Component Enlisted Retention Rates . . 2-18, 2-19
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- ◆ 2.2 Transform U.S. military forces for the future
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# APPENDIX B

## SUPPORTING TABLES

**Table B-1**

**Department of the Navy**  
**FY 2000 Budget Summary by Appropriation**  
 (Dollars in Millions)

	<b>FY 1998</b>	<b>FY 1999</b>	<b>FY 2000</b>
Military Personnel, Navy	16,686.2	16,601.3	17,207.5
Military Personnel, Marine Corps	6,026.3	6,216.2	6,544.7
Reserve Personnel, Navy	1,392.0	1,439.1	1,446.3
Reserve Personnel, Marine Corps	389.9	406.6	409.2
Operation and Maintenance, Navy	22,354.8	21,863.5	22,238.7
Operation and Maintenance, Marine Corps	2,466.3	2,591.0	2,558.9
Operation and Maintenance, Navy Reserve	918.6	959.5	917.6
Operation and Maintenance, Marine Corps Reserve	116.4	119.0	123.3
National Guard and Reserve Equipment *	(155.0)	(80.0)	-
Quality of Life Enhancements *	(115.0)	(168.0)	-
Environmental Restoration, Navy	0	273.6	284.0
Kaho'olawe Island	35.1	25.0	15.0
Aircraft Procurement, Navy	6,588.2	7,506.4	8,228.7
Weapons Procurement, Navy	1,053.7	1,184.7	1,357.4
Shipbuilding and Conversion, Navy	8,006.8	6,017.8	6,678.5
Other Procurement, Navy	3,007.6	4,008.9	4,100.1
Procurement, Marine Corps	475.9	856.5	1,137.2
Procurement of Ammunition, Navy and Marine Corps	375.9	483.2	484.9
Research, Development, Test & Evaluation, Navy	7,887.8	8,660.8	7,984.0
Navy Working Capital Fund	-	2.1	-
National Defense Sealift Fund	1,070.6	679.6	354.7
Military Construction, Navy	678.1	610.5	319.8
Military Construction, Naval Reserve	47.3	31.6	4.9
Family Housing, Navy and Marine Corps	1,378.3	1,224.5	959.7
Base Realignment and Closure	979.5	574.7	197.8
<b>TOTAL</b>	<b>\$81,935.3</b>	<b>\$82,336.1</b>	<b>\$83,552.9</b>

\* Reflects the DON portion of Defense-wide appropriations not included in the DON totals.

## MILITARY PERSONNEL, NAVY

Table B-2

**Department of the Navy**  
**Military Personnel, Navy**  
 (Dollars in Millions)

	FY 1998	FY 1999	FY 2000
Pay and Allowances of Officers	4,293.4	4,402.4	4,547.8
Pay and Allowances of Enlisted	10,868.1	10,696.6	11,151.5
Pay and Allowances of Midshipmen	35.8	37.8	38.5
Subsistence of Enlisted Personnel	736.7	733.5	760.8
Permanent Change Station Travel	652.2	631.0	629.4
Other Military Personnel Costs	100.1	100.1	79.5
<b>Total: MPN</b>	<b>\$16,686.2</b>	<b>\$16,601.3</b>	<b>\$17,207.5</b>
<b>End Strength</b>			
Officers	54,999	54,147	53,587
Enlisted	323,120	314,208	314,194
Midshipmen/NAVCADS	4,219	4,000	4,000
<b>Total: End Strength</b>	<b>382,338</b>	<b>372,355</b>	<b>371,781</b>

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## **MILITARY PERSONNEL, MARINE CORPS**

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**Table B-3**


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**Department of the Navy**  
**Military Personnel, Marine Corps**  
(Dollars in Millions)

	<b>FY 1998</b>	<b>FY 1999</b>	<b>FY 2000</b>
<i>Pay and Allowances of Officers</i>	1,265.0	1,316.0	1,374.8
<i>Pay and Allowances of Enlisted</i>	4,162.7	4,270.1	4,526.1
<i>Subsistence of Enlisted Personnel</i>	342.1	358.4	372.4
<i>Permanent Change Station Travel</i>	220.6	226.9	239.3
<i>Other Military Personnel Costs</i>	35.8	44.8	32.0
<b>Total: MPMC</b>	<b>\$6,026.3</b>	<b>\$6,216.2</b>	<b>\$6,544.7</b>
 <b>End Strength</b>			
<i>Officers</i>	17,892	17,878	17,850
<i>Enlisted</i>	155,250	154,322	154,298
<b>Total: End Strength</b>	<b>173,142</b>	<b>172,200</b>	<b>172,148</b>



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## **RESERVE PERSONNEL, NAVY**

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**Table B-4**


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**Department of the Navy  
Reserve Personnel, Navy  
(Dollars in Millions)**

	<b>FY 1998</b>	<b>FY 1999</b>	<b>FY 2000</b>
<i>Unit &amp; Individual Training</i>	544.3	584.0	586.0
<i>Other Training &amp; Support</i>	847.7	855.1	860.3
<b>Total: RPN</b>	<b>\$1,392.0</b>	<b>\$1,439.1</b>	<b>\$1,446.3</b>
 <b>End Strength</b>			
<i>SELRES</i>	76,752	75,253	75,278
<i>Full-time Support</i>	16,419	15,590	15,010
<b>Total: End Strength</b>	<b>93,171</b>	<b>90,843</b>	<b>90,288</b>

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## **RESERVE PERSONNEL, MARINE CORPS**

**Table B-5**

**Department of the Navy**  
**Reserve Personnel, Marine Corps**  
 (Dollars in Millions)

	<b>FY 1998</b>	<b>FY 1999</b>	<b>FY 2000</b>
<i>Unit and Individual Training</i>	215.6	216.0	224.9
<i>Other Training and Support</i>	174.3	190.6	184.3
<b>Total: RPMC</b>	<b>\$389.9</b>	<b>\$406.6</b>	<b>\$409.2</b>
<b>End Strength</b>			
<i>SELRES</i>	38,483	37,656	37,352
<i>Full-time Support</i>	2,359	2,310	2,272
<b>Total: End Strength</b>	<b>40,842</b>	<b>39,966</b>	<b>39,624</b>

## OPERATION AND MAINTENANCE, NAVY

Table B-6

**Department of the Navy**  
**Operation and Maintenance, Navy**  
 (Dollars in Millions)

	FY 1998	FY 1999	FY 2000
<b><u>Operating Forces</u></b>			
Air Operations	5,083.4	3,797.4	3,833.8
Ship Operations	7,244.1	6,094.5	6,284.1
Combat Operations/Support	1,781.3	1,365.5	1,439.6
Weapons Support	1,405.2	1,385.8	1,381.5
NWCF Support	-	42.8	40.6
Base Support	-	2,728.3	2,572.6
<b>Total — Operating Forces</b>	<b>\$15,513.9</b>	<b>\$15,414.4</b>	<b>\$15,552.2</b>
<b><u>Mobilization</u></b>			
Ready Reserve & Prepositioning Force	453.4	423.8	434.6
Activations/Inactivations	710.5	511.4	284.2
Mobilization Preparedness	50.5	53.0	43.1
<b>Total — Mobilization</b>	<b>\$1,214.4</b>	<b>\$988.2</b>	<b>\$761.9</b>
<b><u>Training And Recruiting</u></b>			
Accession Training	270.8	145.0	151.2
Basic Skills & Advanced Training	1,139.5	813.0	869.6
Recruiting & Other Training & Education	273.8	298.7	337.1
Base Support	-	499.5	364.5
<b>Total — Training And Recruiting</b>	<b>\$1,684.2</b>	<b>\$1,756.2</b>	<b>\$1,722.5</b>
<b><u>Admin &amp; Service-wide Support</u></b>			
Service-wide Support	1,526.5	1,358.7	1,706.7
Logistics Operations & Technical Support	1,849.0	1,517.6	1,611.7
Investigations & Security Programs	550.3	562.9	584.4
Support of Other Nations	9.3	8.3	8.4
Cancelled Accounts	7.3	-	-
Base Support	-	257.3	290.8
<b>Total — Admin &amp; Service-wide Support</b>	<b>\$3,942.3</b>	<b>\$3,704.8</b>	<b>\$4,202.1</b>
<b>Total — O&amp;MN</b>	<b>\$22,354.8</b>	<b>\$21,863.5</b>	<b>\$22,238.7</b>

## **OPERATION AND MAINTENANCE, MARINE CORPS**

**Table B-7**

**Department of the Navy**  
**Operation and Maintenance, Marine Corps**  
 (Dollars in Millions)

	<b>FY 1998</b>	<b>FY 1999</b>	<b>FY 2000</b>
<b><u>Operating Forces</u></b>			
Expeditionary Forces	1,724.7	1,816.7	1,666.2
Prepositioning	75.7	85.7	85.6
<b>Total — Operating Forces</b>	<b>\$1,800.4</b>	<b>\$1,902.4</b>	<b>\$1,751.8</b>
<b><u>Training and Recruiting</u></b>			
Accession Training	76.0	78.3	84.1
Basic Skills & Advanced Training	189.1	208.2	206.7
Recruiting & Other Training & Education	124.1	130.7	125.6
<b>Total — Training And Recruiting</b>	<b>\$389.1</b>	<b>\$417.3</b>	<b>\$416.4</b>
<b><u>Admin &amp; Service-wide Support</u></b>			
Service-wide Support	\$276.7	\$271.3	\$390.8
<b>Total: O&amp;M,MC</b>	<b>\$2,466.3</b>	<b>\$2,591.0</b>	<b>\$2,558.9</b>

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## OPERATION AND MAINTENANCE, NAVY RESERVE

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**Table B-8**

**Department of the Navy**  
**Operation and Maintenance, Navy Reserve**  
 (Dollars in Millions)

	<b>FY 1998</b>	<b>FY 1999</b>	<b>FY 2000</b>
<b><u>Operating Forces</u></b>			
Air Operations	533.2	445.7	409.2
Ship Operations	144.4	177.8	177.9
Combat Operations/Support	77.4	28.3	26.6
Weapons Support	3.9	5.2	5.2
Base Support	-	207.9	177.3
<b>Total — Operating Forces</b>	<b>\$758.9</b>	<b>\$864.9</b>	<b>\$796.2</b>
<b><u>Admin &amp; Service-wide Support</u></b>			
Service-wide Support	\$156.3	\$92.1	\$121.4
Logistics Operations and Technical Support	2.7	2.5	-
Cancelled Accounts	.7	-	-
<b>Total — Service-Wide</b>	<b>\$159.7</b>	<b>\$94.6</b>	<b>\$121.4</b>
<b>Total: O&amp;M, NR</b>	<b>\$918.6</b>	<b>\$959.5</b>	<b>\$917.6</b>

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## **OPERATION AND MAINTENANCE, MARINE CORPS RESERVE**

**Table B-9**

**Department of the Navy**  
**Operation And Maintenance, Marine Corps Reserve**  
 (Dollars in Millions)

	<i><b>FY 1998</b></i>	<i><b>FY 1999</b></i>	<i><b>FY 2000</b></i>
<b><u>Operating Forces</u></b>			
Expeditionary Forces	81.8	81.8	88.6
<b><u>Admin &amp; Service-wide Support</u></b>			
Service-wide Support	34.6	37.2	34.6
<b>Total: O&amp;M,MCR</b>	<b>\$116.4</b>	<b>\$119.0</b>	<b>\$123.3</b>

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## ***ENVIRONMENTAL RESTORATION, NAVY***

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***Table B-10a***

***Department of the Navy  
Environmental Restoration, Navy  
(Dollars In Millions)***

	<b><i>FY 1998</i></b>	<b><i>FY 1999</i></b>	<b><i>FY 2000</i></b>
<b><i>Environmental Restoration Activities</i></b>	–	273.6	284.0
<b><i>Total: ERN</i></b>	–	<b><i>\$273.6</i></b>	<b><i>\$284.0</i></b>

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## ***KAHO'OLAWÉ ISLAND***

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***Table B-10b***

***Department of the Navy  
Kaho'olawe Island  
(In Millions of Dollars)***

	<b><i>FY 1998</i></b>	<b><i>FY 1999</i></b>	<b><i>FY 2000</i></b>
<b><i>Kaho'olawe Island</i></b>	35.1	25.0	15.0
<b><i>Total: Kaho'olawe Island</i></b>	<b><i>\$35.1</i></b>	<b><i>\$25.0</i></b>	<b><i>\$15.0</i></b>

## AIRCRAFT PROCUREMENT, NAVY

Table B-11

**Department of the Navy**  
**Aircraft Procurement, Navy**  
 (Dollars in Millions)

	FY 1998		FY 1999		FY 2000	
	QTY	\$	QTY	\$	QTY	\$
AV-8B (HARRIER)*	12	299.2	12	333.8	12	291.3
F/A-18C/D (HORNET)	8	272.5	-	-	-	-
F/A-18E/F (HORNET)	20	2,106.4	30	2,870.6	36	2,854.2
V-22 (OSPREY)	7	676.6	7	661.7	10	867.4
AH-1W (SUPER COBRA)	-	-	-	-	-	2.0
SH-60 (SEAHAWK)	-	-	-	-	7	216.7
E-2C (HAWKEYE)	4	311.6	3	397.3	3	383.0
CH-60 (VERTREP HELO)	1	29.7	5	137.2	13	282.3
C-40A	-	-	-	-	1	49.0
T-45TS (GOSHAWK)	15	282.6	15	300.2	15	335.0
JPATS	-	-	-	-	8	44.8
KC-130J (HERCULES)	2	117.1	2	112.1	-	12.3
Modifications	-	1,474.2	-	1,602.7	-	1,505.0
Spares and Repair Parts	-	676.7	-	734.0	-	871.8
Support Equipment/Facilities	-	342.4	-	365.1	-	513.8
<b>Total: APN</b>	<b>69</b>	<b>\$6,588.2</b>	<b>74</b>	<b>\$7,506.4</b>	<b>105</b>	<b>\$8,228.7</b>

\* Remanufactured Aircraft Only



## WEAPONS PROCUREMENT, NAVY

Table B-12a

### Department of the Navy Weapons Procurement, Navy (Dollars in Millions)

	FY 1998		FY 1999		FY 2000	
	QTY	\$	QTY	\$	QTY	\$
<b>Missiles(BA1&amp;2)</b>						
TRIDENT II	5	266.6	5	312.4	12	488.9
Tomahawk	-	26.3	-	33.0	148	50.9
AMRAAM	120	54.1	100	51.1	100	46.3
JSOW	135	61.3	328	117.0	615	154.9
SLAM-ER	22	20.7	54	39.3	56	38.1
STANDARD	114	176.0	120	214.2	91	198.9
RAM	100	41.0	100	44.6	100	45.4
ESSM	-	10.3	-	12.9	-	11.7
AIM-9X	-	-	-	-	75	29.4
Other	-	193.9	-	172.3	-	102.3
<b>Torpedoes (BA3)</b>						
Mk-48 ADCAP	-	53.5	-	49.3	-	52.8
Other	-	38.4	-	44.7	-	70.9
<b>Other</b>						
FLTSATCOM (GAPFILLER)	-	-	-	-	-	9.8
CIWS & MODS	-	24.4	-	10.7	-	3.0
All Other	-	87.2	-	83.2	-	54.1
<b>Total: WPN</b>	<b>496</b>	<b>\$1,053.7</b>	<b>707</b>	<b>\$1,184.7</b>	<b>1,197</b>	<b>\$1,357.4</b>

Table B-12b

### Weapons Procurement, Navy Six-year Plan

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
<b>Missiles</b>						
TRIDENT II	12	12	12	12	12	5
TOMAHAWK	148	176	70	149	200	342
AMRAAM	100	100	100	100	100	100
JSOW	615	636	748	775	785	584
SLAM-ER	56	38	38	38	38	38
STANDARD	91	112	147	206	252	269
RAM	100	100	155	180	230	205
ESSM	-	31	87	165	147	152
AIM-9X	75	125	300	300	300	300

## SHIPBUILDING AND CONVERSION, NAVY

Table B-13

**Department of the Navy**  
**Shipbuilding Conversion, Navy**  
*(Dollars in Millions)*

	FY 1998		FY 1999		FY 2000	
	QTY	\$	QTY	\$	QTY	\$
<b>New Construction</b>						
Attack Submarine (SSN-21)	-	149.6	-	-	-	-
Attack Submarine (SSN -774)	1	2,510.0	1	1,995.5	-	748.5
Destroyer (DDG-51)	4	3,473.3	3	2,659.0	3	2,681.7
Amphibious Transport Dock Ship (LPD-17)	-	96.1	1	636.9	2	1,508.3
Oceanographic Ships (TAGS)	-	15.6	1	60.1	-	-
Aircraft Carrier (CVN-77)	-	48.7	-	123.7	-	751.5
Auxiliary Dry Cargo Carrier (ADC-X)	-	-	-	-	1	440.0
Amphibious Assault (LHD)	-	-	-	44.2	-	-
<b>Subtotal</b>	<b>5</b>	<b>\$6,293.3</b>	<b>6</b>	<b>\$5,736.1</b>	<b>6</b>	<b>\$5,671.0</b>
<b>Other</b>						
CVN Refueling Overhauls	1	1,549.9	-	274.0	AP	345.6
Service Craft	2	33.0	-	-	-	-
LCAC Landing Craft SLEP	-	9.5	-	15.8	2	31.8
Outfitting	-	50.6	-	90.4	-	171.1
Post Delivery	-	69.2	-	116.9	-	-
First Destination Transportation	-	1.3	-	1.3	-	-
<b>Total SCN:</b>	<b>8</b>	<b>\$8,006.8</b>	<b>6</b>	<b>\$6,017.8</b>	<b>8</b>	<b>\$6,678.5</b>

## OTHER PROCUREMENT, NAVY

Table B-14

Department of the Navy  
Other Procurement, Navy  
(Dollars in Millions)

	FY 1998	FY 1999	FY 2000
<i>Ships Support Equipment</i>	724.2	954.4	858.7
<i>Communications and Electronics Equipment</i>	1,141.8	1,629.9	1,845.2
<i>Aviation Support Equipment</i>	204.1	243.6	216.2
<i>Ordnance Support Equipment</i>	520.4	715.9	629.4
<i>Civil Engineering Support Equipment</i>	52.0	54.8	67.1
<i>Supply Support Equipment</i>	54.6	89.5	139.6
<i>Personnel and Command Support Equipment</i>	91.0	74.0	67.6
<i>Spares and Repair Parts</i>	219.5	246.8	276.3
<b>Total: OPN</b>	<b>\$3,007.6</b>	<b>\$4,008.9</b>	<b>\$4,100.1</b>

## PROCUREMENT, MARINE CORPS

Table B-15

### Department of the Navy Procurement, Marine Corps (Dollars in Millions)

	FY 1998		FY 1999		FY 2000	
	QTY	\$	QTY	\$	QTY	\$
<b>Weapons &amp; Tracked Combat Vehicles</b>						
AAV7A1		13.7		89.6		80.7
Mod Kits (Tracked Vehicles)		4.5		7.7		22.9
LW155		-		-		-
Other		15.3		6.4		9.7
<b>Guided Missiles</b>						
Javelin	380	57.8	741	82.7	954	92.7
Pedestal Mounted Stinger		0.2		3.2		-
Other		2.4		.9		3.8
<b>Communication &amp; Electronics</b>						
Third Echelon Test Sets		12.0		29.2		29.1
Radio Systems		25.2		46.2		82.9
Digital Technical Control (DTC)		11.3		18.3		33.7
Tactical Data Network (TDN)		24.7		49.6		24.1
Network Infrastructure/Base TeleCom Infrastructure		56.8		72.8		76.7
Mobile Electronic Warfare Support Systems		14.3		21.3		5.0
Intelligence Support Equipment		21.5		10.2		18.5
Night Vision Equipment		6.8		33.6		9.0
Common Computer Resources		-		-		102.8
Other		96.0		115.5		88.3
<b>Support Vehicles</b>						
HMMWVA2	511	30.0	1,152	69.8	2,078	124.4
Medium Tactical Vehicle Replacement (MTVR)		-	240	69.5	788	138.3
Other		8.6		16.8		20.1
<b>Engineer and Other Equipment</b>		48.7		74.2		137.0
<b>Spares &amp; Repair Parts</b>		26.1		39.0		37.5
<b>Total: PMC</b>		<b>\$475.9</b>		<b>\$856.5</b>		<b>\$1,137.2</b>

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## **PROCUREMENT OF AMMUNITION, NAVY AND MARINE CORPS**

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**Table B-16**

**Department of the Navy  
Procurement of Ammunition, Navy and Marine Corps  
(Dollars in Millions)**

	<b>FY 1998</b>	<b>FY 1999</b>	<b>FY 2000</b>
<i>Navy Ammunition</i>	253.5	302.2	328.7
<i>Marine Corps Ammunition</i>	122.4	181.0	156.2
<b>Total</b>	<b>\$375.9</b>	<b>\$483.2</b>	<b>\$484.9</b>

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## **RESEARCH, DEVELOPMENT, TEST AND EVALUATION, NAVY**

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**Table B-17**

**Department of the Navy**  
**Research, Development, Test and Evaluation, Navy**  
 (Dollars in Millions)

	<i><b>FY 1998</b></i>	<i><b>FY 1999</b></i>	<i><b>FY 2000</b></i>
<i>Basic Research</i>	331.4	361.5	376.7
<i>Applied Research</i>	467.4	566.8	523.8
<i>Advanced Technology Development (ATD)</i>	518.6	593.1	519.5
<i>Demonstration &amp; Validation (DEM/VAL)</i>	2,222.2	2,408.5	2,086.1
<i>Engineering &amp; Manufacturing Development</i>	2,153.3	2,199.7	1,953.9
<i>RDT&amp;E Management Support</i>	677.6	598.7	646.5
<i>Operational Systems Development</i>	1,517.4	1,932.4	1,877.5
<b>Total: RDT&amp;E,N</b>	<b>\$7,887.8</b>	<b>\$8,660.8</b>	<b>\$7,984.0</b>

## NAVY WORKING CAPITAL FUND

Table B-18

**Department of the Navy**  
**Navy Working Capital Fund**  
 (Dollars in Millions)

	FY 1998	FY 1999	FY 2000
Facility Repair*	-	2.1	-
<b>Total: NWCF</b>	-	<b>\$2.1</b>	-

\*As part of the FY1999 Emergency Omnibus Supplemental Appropriation, the NWCF received funds for the repair of damages due to Hurricane Bonnie and Hurricane Georges.

## NATIONAL DEFENSE SEALIFT FUND

Table B-19

**Department of the Navy**  
**National Defense Sealift Fund**  
 (Dollars in Millions)

	FY 1998		FY 1999		FY 2000	
	QTY	\$	QTY	\$	QTY	\$
Sealift Acquisition	2	681.4	2	351.4	-	-
Research & Development	-	2.0	-	16.9	-	3.8
Ready Reserve Force	-	317.0	-	260.0	-	256.9
DoD Mobilization Assets		70.1		51.3		94.1
<b>Total: NDSF</b>	<b>2</b>	<b>\$1,070.6</b>	<b>2</b>	<b>\$679.6</b>	<b>-</b>	<b>\$354.7</b>

## **MILITARY CONSTRUCTION, NAVY AND NAVAL RESERVE**

**Table B-20**

**Department of the Navy  
Military Construction**  
(Dollars in Millions)

	<b>FY 1998</b>	<b>FY 1999</b>	<b>FY 2000</b>
<b>Significant Programs</b>			
Operational & Training Facilities	146.3	131.0	257.7
Maintenance & Production Facilities	76.2	55.2	67.0
R&D Facilities	31.8	34.1	31.7
Supply Facilities	31.3	14.4	19.9
Administrative Facilities	6.1	11.4	41.3
Housing Facilities	225.8	171.5	242.2
Community Facilities	28.8	38.1	21.2
Utility Facilities	36.6	47.9	42.6
Pollution Abatement	37.3	36.2	19.7
Unspecified Minor Construction	11.5	9.9	7.3
Planning And Design	46.4	60.8	65.7
<b>FY 2000 Program Financed in FY 2001</b>			<b>(496.6)</b>
<b>Net Total: Navy</b>	<b>\$678.1</b>	<b>\$610.5</b>	<b>\$319.8</b>
 Operational & Training Facilities			10.3
Supply Facilities			1.8
Unspecified Minor Construction			1.8
Planning And Design			1.0
<b>FY 2000 Program Financed in FY 2001</b>			<b>(10.0)</b>
<b>Net Total: Naval Reserve</b>	<b>\$47.3</b>	<b>\$31.6</b>	<b>\$4.9</b>



## ***FAMILY HOUSING, NAVY AND MARINE CORPS***

**Table B-21**

**Department of the Navy**  
**Family Housing, Navy and Marine Corps**  
 (Dollars in Millions )

	<b>FY 1998</b>	<b>FY 1999</b>	<b>FY 2000</b>
<b>Navy</b>			
Construction	304.0	257.2	183.4
O&M	841.0	770.0	755.4
<b>Total: Navy</b>	<b>1,145.0</b>	<b>1,027.2</b>	<b>938.8</b>
<b>Marine Corps</b>			
Construction	87.8	44.4	51.6
O&M	145.5	152.9	139.7
<b>Total: Marine Corps</b>	<b>233.3</b>	<b>197.3</b>	<b>191.3</b>
<b>FY 2000 Program Financed in FY 2001</b>			<b>(170.4)</b>
<b>Total: FH,N&amp;MC</b>	<b>\$1,378.3</b>	<b>\$1,224.5</b>	<b>\$959.7</b>
<b>New Construction Projects</b>			
Navy	1	2	2
Marine Corps	3	-	1
<b>New Construction Units</b>			
Navy	-	312	229
Marine Corps	469	-	100
<b>Average Number Of Units</b>			
Navy	62,683	61,151	57,138
Marine Corps	25,569	24,196	22,714

## **BASE REALIGNMENT AND CLOSURE ACCOUNTS**

**Table B-22**

**Department of the Navy**  
**Base Realignment and Closure Accounts**  
 (Dollars in Millions)

<b>COSTS</b>	<b>FY 1998</b>	<b>FY 1999</b>	<b>FY 2000</b>
BRAC II	61.9	-	-
BRAC III	*488.9	274.0	-
BRAC IV	**428.7	300.7	452.5
Total	\$979.5	\$574.7	\$452.5
FY 2000 Program Financed in FY 2001			(254.7)
<b>Net Total</b>			<b>\$197.8</b>

<b>SAVINGS</b>	<b>FY 1998</b>	<b>FY 1999</b>	<b>Annual Steady State</b>
BRAC II	465.7	465.7	465.7
BRAC III	1,224.4	1,359.8	1,359.8
BRAC IV	674.8	643.2	731.5
<b>Total</b>	<b>\$2,364.9</b>	<b>\$2,468.7</b>	<b>\$2,557.0</b>

\* Does not include \$1.8 million in Operation & Maintenance Navy funds

\*\* Does not include \$2.9 million in Operation & Maintenance Navy funds

## DERIVATION OF FY 1999 ESTIMATES

**Table B-23**

**Department of the Navy  
FY 2000 Budget Summary  
Derivation of FY 1999 Estimates  
(Dollars in Millions)**

	FY 1999 President's Budget	Congressional Action	Emergency- Supplemental	Current Transfers	FY 1999 Current Estimate
Military Personnel, Navy	16,613	-54	42	—	16,601
Military Personnel, Marine Corps	6,272	-13	12	-55	6,216
Reserve Personnel, Navy	1,387	39	13	—	1,439
Reserve Personnel, Marine Corps	402	5	—	—	407
Operation and Maintenance, Navy	21,927	-523	290	170	21,864
Operation and Maintenance, Marine Corps	2,524	-59	61	65	2,591
Operation and Maintenance, Navy Reserve	929	18	5	8	960
Operation and Maintenance, MC Reserve	115	3	3	-2	119
Environmental Restoration, Navy	282	-8	—	—	274
Payment to Kaho'olawe	15	10	—	—	25
Aircraft Procurement, Navy	7,467	53	—	-14	7,506
Weapons Procurement, Navy	1,328	-120	—	-23	1,185
Shipbuilding and Conversion, Navy	6,253	-235	—	—	6,018
Other Procurement, Navy	3,938	67	—	4	4,009
Procurement, Marine Corps	746	111	—	—	857
Procurement of Ammunition, Navy and MC	429	54	—	—	483
Research Development, Test & Eval, Navy	8,109	503	—	49	8,661
National Defense Sealift Fund	418	261	—	—	679
Military Construction, Navy	468	136	6	—	610
Military Construction, Naval Reserve	15	17	—	—	32
Family Housing, Navy and Marine Corps	1,196	12	10	—	1,218
Base Realignment and Closure (II, III, IV)	623	-48	—	—	575
Navy Working Capital Fund	—	—	2	—	2
<b>TOTAL</b>	<b>\$81,456</b>	<b>\$229</b>	<b>\$444</b>	<b>\$202</b>	<b>\$82,336</b>